

# **LSC Greenbook**

**Analysis of the Enacted Budget**

**State Board of Pharmacy**

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# TABLE OF CONTENTS

<b>OVERVIEW</b> .....	<b>1</b>
Agency Overview.....	1
Appropriation Overview .....	1
Staffing Levels.....	2
Permanent Law Changes .....	2
Access to OARSS Information.....	2
<b>ANALYSIS OF ENACTED BUDGET</b> .....	<b>3</b>
Operating Expenses (GSF line item 887609) .....	3
Drug Law Enforcement (GSF line item 887605) .....	3
Prescription Monitoring Program/OARRS (various federal line items) .....	4
 <b>ATTACHMENT:</b>	
Budget Spreadsheet By Line Item	

# State Board of Pharmacy

- 4K90 funding increased nearly 24% over FY 2013 expenditures
- Access to OARRS information expanded
- New staff hires possible

## OVERVIEW

### Agency Overview

The State Board of Pharmacy, first created in 1884, is responsible for administering and enforcing the Pharmacy Practice Act and Dangerous Drug Distribution Act (R.C. Chapter 4729.), the Controlled Substances Act (R.C. Chapter 3719.), the Pure Food and Drug Act (R.C. Chapter 3715.), and the Criminal Drug Law (R.C. Chapter 2925.). The Board's services and activities can be divided into two distinct programs: (1) licensure and regulation and (2) drug law enforcement and investigation.

The Board is a nine-member panel composed of eight pharmacists and one person representing the public who is at least 60 years old. Each member serves a four-year term and may be reappointed one time at the Governor's discretion. The Board currently meets once a month during a three-day consecutive period. The Board currently employs the equivalent of 50 full-time staff to perform licensure and enforcement activities.

### Appropriation Overview

Table 1 below summarizes the Board's budget by fund group.

Fund Group	FY 2013*	FY 2014	% change, FY 2013-FY 2014	FY 2015	% change, FY 2014-FY 2015
General Services	\$5,500,973	\$6,851,285	24.6%	\$6,851,285	0.0%
Federal Special Revenue	\$313,387	\$683,895	118.2%	\$114,346	-83.3%
<b>TOTAL</b>	<b>\$5,814,360</b>	<b>\$7,535,180</b>	<b>29.6%</b>	<b>\$6,965,631</b>	<b>-7.6%</b>

\*FY 2013 figures represent actual expenditures.

As shown in Table 1 above, the Board's operating expenses are primarily paid with money appropriated from the General Services Fund, (GSF) Group, specifically Fund 4K90. In each of FY 2014 and FY 2015, the amounts appropriated from the GSF are nearly 25% higher than the total amount of GSF funding expended in FY 2013. This funding increase will assist the Board in keeping pace with increasing demands on its resources, including drug monitoring, investigations, and licensing, as well as

modifications to the Ohio Automated Rx Reporting System (OARRS) that may be necessary as a result of permanent law provisions included in the budget (discussed below). The Board receives no GRF funding.

## Staffing Levels

As Table 2 below indicates the total number of staff employed by the Board over the course of FY 2007 through FY 2013 has been relatively stable. As the table also shows, as many as four additional staff could be hired for the FY 2014-FY 2015 biennium. These new hires are expected to include one human resources officer and three field investigators. Of the three field investigators, one will be filled by a licensed pharmacist and two will be law enforcement officers.

2007	2008	2009	2010	2011	2012	2013	2014	2015
47	50	50	49	49	48	50	54	54

\*Staffing expressed as FTEs or full-time equivalents; FY 2014 and FY 2015 are estimates.

## Permanent Law Changes

### Access to OARRS Information

The budget amends prior law to require, rather than permit, the Board of Pharmacy to provide certain information in OARRS to the medical director of a Medicaid managed care organization and to the Medicaid Director. It also requires the Board to notify the Medicaid Director if the Board determines from a review of OARRS information that a violation of law may have been committed by a provider of services under a program administered by the Department of Medicaid.<sup>1</sup>

This provision may require programming and software upgrades to OARRS, as well as additional staff training, and possibly the hiring of additional investigators that are knowledgeable or have expertise in the programs administered by the Department of Medicaid and the managed care organizations. The total potential cost increase is unknown at this time and it is uncertain if the appropriated funding level will be adequate to meet these needs.

<sup>1</sup> The Board will be required to provide OARRS data: (1) to the medical director of a Medicaid managed care organization, if the information relates to a Medicaid recipient enrolled in the managed care organization, including information related to prescriptions for the recipient not covered or reimbursed under the Medicaid Program, and (2) to the Medicaid Director if the information relates to a recipient of a program administered by the Department of Medicaid, including information related to prescriptions for the recipient not covered or reimbursed under a program administered by the Department.

## ANALYSIS OF ENACTED BUDGET

Table 3 below shows the line items that are used to fund the Board of Pharmacy, as well as the appropriated funding levels. It is then followed by a narrative describing how each appropriated amount will be used, and as appropriate, the implications of the enacted funding levels.

<b>Table 3. Appropriations for the Board of Pharmacy</b>					
<b>Fund</b>	<b>ALI and Name</b>			<b>FY 2014</b>	<b>FY 2015</b>
<b>General Services Fund (GSF) Group</b>					
4A50	887605	Drug Law Enforcement		\$150,000	\$150,000
4K90	887609	Operating Expenses		\$6,701,285	\$6,701,285
<b>General Services Fund Group Subtotal</b>				<b>\$6,851,285</b>	<b>\$6,851,285</b>
<b>Federal Special Revenue Fund (FED) Group</b>					
3BC0	887604	Dangerous Drugs Database		\$390,869	\$0
3CT0	887606	2008 Developing/Enhancing PMP		\$224,691	\$112,346
3DV0	887607	Enhancing Ohio's PMP		\$2,000	\$2,000
3EY0	887603	Administration of PMIX Hub		\$66,335	\$0
<b>Federal Special Revenue Fund Group Subtotal</b>				<b>\$683,895</b>	<b>\$114,346</b>
<b>Total Funding: Board of Pharmacy</b>				<b>\$7,535,180</b>	<b>\$6,965,631</b>

### Operating Expenses (GSF line item 887609)

This GSF line item, which draws its appropriation from fees and fines deposited in Fund 4K90, is used by the Board to administer and enforce laws governing the legal distribution of dangerous drugs and the practice of pharmacy. The budget provides an appropriation for this line item of \$6,701,285 for FY 2014 and FY 2015. This reflects an increase of 23.7%, or \$1,283,591, over FY 2013 expenditures.

### Drug Law Enforcement (GSF line item 887605)

This GSF line item draws its appropriation from the Board's share of certain fines and forfeited bonds and bail collected as a result of its drug law enforcement efforts. Money deposited to the fund is statutorily restricted and may only be used for drug law enforcement purposes. The Board uses this money to provide its compliance and enforcement staff with current technology and training for the purpose of increasing their productivity and ability to obtain evidence of pharmacy and drug law violations. For these purposes, the budget appropriates \$150,000 for FY 2014 and FY 2015.

## Prescription Monitoring Program/OARRS (various federal line items)

Ohio's prescription monitoring program, known as the Ohio Automated Rx Reporting System (OARRS), was established to monitor the misuse and diversion of controlled substances and certain dangerous drugs. However, no money was explicitly appropriated to fund its development and operation. The program began full operation in October 2006.

Under OARRS, each pharmacy licensed as a terminal distributor of dangerous drugs that dispenses drugs to patients in the state and each wholesale distributor of dangerous drugs that delivers drugs to prescribers in the state is required to submit certain prescription and purchase information to the Board for entry into the database. Currently, the database includes approximately 50 million prescription records.<sup>2</sup> This number has steadily increased over the years. Currently, 12,500 pharmacists and 50,000 prescribers, as well as various law enforcement personnel across the state utilize OARRS.

To date, the Board has received several federal grants that have been restricted for purposes of OARRS planning, implementation, and improvements. Federal grants have not been made available for what might be termed routine operating or maintenance expenses. Money deposited to the credit of funds 3BC0, 3CT0, 3DV0, and 3EY0 consists of federal grants awarded to the Board for the purpose of planning, implementing, and enhancing OARRS. For OARRS-related purposes, the budget appropriates federal funding totaling \$683,895 for FY 2014 and \$114,346 for FY 2015. As the Board's annual costs to operate and maintain OARRS have historically exceeded available federal funding, the difference has been covered by the utilization of money appropriated from Fund 4K90.

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<sup>2</sup> Records are deleted daily so that only two years of data is in the database at any one time.

# FY 2014 - FY 2015 Final Appropriation Amounts

# All Fund Groups

## Line Item Detail by Agency

			FY 2012	FY 2013	Appropriation FY 2014	FY 2013 to FY 2014 % Change	Appropriation FY 2015	FY 2014 to FY 2015 % Change
<b>Report For Main Operating Appropriations Bill</b>			<b>Version: Enacted</b>					
<b>PRX State Board of Pharmacy</b>								
4A50	887605	Drug Law Enforcement	\$ 186,553	\$ 83,279	\$ 150,000	80.12%	\$ 150,000	0.00%
4K90	887609	Operating Expenses	\$ 4,993,800	\$ 5,417,694	\$ 6,701,285	23.69%	\$ 6,701,285	0.00%
<b>General Services Fund Group Total</b>			<b>\$ 5,180,353</b>	<b>\$ 5,500,973</b>	<b>\$ 6,851,285</b>	<b>24.55%</b>	<b>\$ 6,851,285</b>	<b>0.00%</b>
3BC0	887604	Dangerous Drugs Database	\$ 34,969	\$ 132,171	\$ 390,869	195.73%	\$ 0	-100.00%
3CT0	887606	2008 Developing/Enhancing PMP	\$ 17,270	\$ 45,000	\$ 224,691	399.31%	\$ 112,346	-50.00%
3DV0	887607	Enhancing Ohio's PMP	\$ 238,908	\$ 0	\$ 2,000	N/A	\$ 2,000	0.00%
3EY0	887603	Administration of PMIX Hub	\$ 174,810	\$ 131,717	\$ 66,335	-49.64%	\$ 0	-100.00%
3EZ0	887610	NASPER 10	\$ 42,265	\$ 4,500	\$ 0	-100.00%	\$ 0	N/A
<b>Federal Special Revenue Fund Group Total</b>			<b>\$ 508,223</b>	<b>\$ 313,387</b>	<b>\$ 683,895</b>	<b>118.23%</b>	<b>\$ 114,346</b>	<b>-83.28%</b>
<b>State Board of Pharmacy Total</b>			<b>\$ 5,688,576</b>	<b>\$ 5,814,360</b>	<b>\$ 7,535,180</b>	<b>29.60%</b>	<b>\$ 6,965,631</b>	<b>-7.56%</b>