

Redbook

LBO Analysis of Executive Budget Proposal

Ohio State Board of Pharmacy

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Attachment:

Appropriation Spreadsheet

LBO Redbook

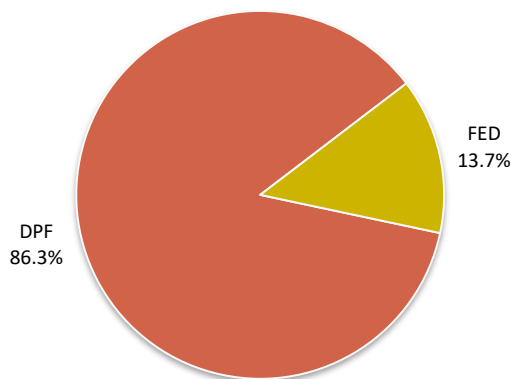
Ohio State Board of Pharmacy

Quick look...

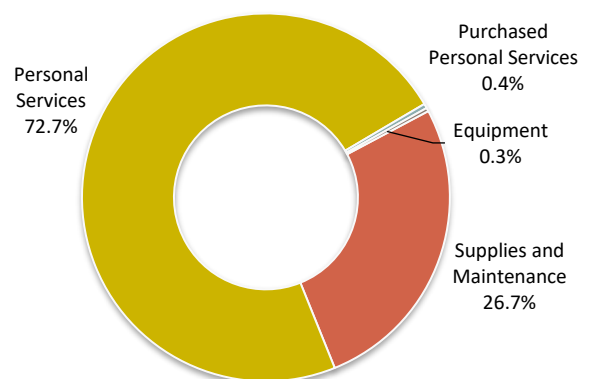
- The State Board of Pharmacy’s (PRX) functions include licensing pharmacists, pharmacy interns, pharmacy technicians, terminal and wholesale distributors, and home medical equipment providers, and maintaining Ohio’s prescription drug monitoring database.
- The executive budget proposes several fee increases.
- H.B. 33 of the 135th General Assembly transferred the Board’s regulation of medical marijuana dispensaries, patients, and caregivers under the Medical Marijuana Control Program to the Department of Commerce in FY 2024.
- Total budget recommendation: \$19.6 million in FY 2026 and \$20.4 million in FY 2027.
 - Sources of the budget: state non-GRF (86.3%) and federal (13.7%).
 - The Board receives no GRF funding.

Fund Group	FY 2024 Actual	FY 2025 Estimate	FY 2026 Introduced	FY 2027 Introduced
Dedicated Purpose Fund (DPF)	\$16,775,396	\$17,016,300	\$16,857,441	\$17,615,319
Federal (FED)	\$2,133,924	\$3,533,891	\$2,736,760	\$2,757,351
Total	\$18,909,321	\$20,550,191	\$19,594,201	\$20,372,670
% change	--	8.7%	-4.7%	4.0%

**Chart 1: PRX Budget by Fund Group
FY 2026-FY 2027 Biennium**



**Chart 2: PRX Budget by Expense Category
FY 2026-FY 2027 Biennium**



Biennial total: \$40.0 million

Agency overview

The services and activities currently performed by the State Board of Pharmacy include:

- Licensing and regulating over 93,000 pharmacists, pharmacy interns, pharmacy technicians, terminal and wholesale distributors, and certain home medical equipment providers;
- Preventing, detecting, and investigating the diversion of dangerous drugs, including controlled substances;
- Maintaining the Ohio Automated Rx Reporting System (OARRS), an electronic database that collects information on all prescriptions for controlled substances that are issued by licensed prescribers and dispensed by pharmacies in Ohio.

The Board consists of nine members, eight pharmacists and one member of the public who is at least 60 years old, all of whom are appointed by the Governor. Each member serves a four-year term and may be reappointed one time at the Governor's discretion. The members are paid per hour when employed in the discharge of their official duties and are reimbursed for their necessary expenses while engaged therein.

The Board's duties are currently carried out by 92 permanent full-time staff positions.

Appropriation summary

The executive budget provides the Board with a total appropriation of \$19.6 million in FY 2026 and \$20.4 million in FY 2027. The table and Chart 1 shown in the preceding "**Quick look**" section present the executive recommended appropriations by fund group. As shown in Chart 1, state non-GRF accounts for 86.3% of the Board's budget during the biennium followed by federal funding (13.7%). The Board receives no GRF funding.

Chart 2 on the "**Quick look**" section shows the total executive recommended biennial appropriations by object of expense. Of the total biennial appropriation recommendation, 72.7%, or \$29.1 million, is allocated for personal services (payroll), followed by supplies and maintenance (26.7%, or \$10.6 million), and the remainder for purchased personal services and equipment (0.6%, or \$250,000).

Proposed fee changes

The executive budget proposes new fees and changes certain current fees. All fees are credited to the Occupational Licensing and Regulatory Fund (Fund 4K90), which is used by the Board to administer and enforce laws governing the legal distribution of dangerous drugs, the practice of pharmacy, and the activities of home medical equipment service providers. Table 1 below shows the current fee, the proposed increases or new fees, and the frequency each fee is charged. While the Board has been a net contributor to Fund 4K90 over the last several years, this trend was not expected to continue into the FY 2026-FY 2027 biennium. The additional funds will be used to support existing Board operations, which are primarily funded by Fund 4K90.

Many occupational licensing and regulatory boards and commissions, including the Pharmacy Board, use Fund 4K90 as an operating account into which receipts are deposited and

from which expenses are paid. Each licensing board or commission is generally expected to be self-sufficient, i.e., generate enough revenues to cover its expenses.

Table 1. Select Pharmacy Board Fees			
Fee Description	Current Fee Amount	Proposed Fee Amount	Frequency
Pharmacy Technician			
Certified Technician Application	\$50	\$65	One-time
Certified Technician Renewal	\$25*	\$65*	Biennial
Registered Technician Application	\$50	\$65	One-time
Registered Technician Renewal	\$25*	\$65*	Biennial
Technical Trainee Registration	\$25	\$40	One-time
Terminal Distributor of Dangerous Drugs (TDDD)			
Category II or Limited Category II	\$320	\$360	Biennial
Category III or Limited Category III	\$440	\$460	Biennial
Veterinary Medicine Practice	\$120	\$160	Biennial
Solo Practitioner, Sole Shareholder, or Dentist	\$120	\$160	Biennial
EMS Satellite Locations	\$120	\$160	Biennial
Out-of-State Business Operations			
Out-of-State TDDD – Initial and Renewal	\$320	\$500	Biennial
Out-of-State Wholesale Distributor, Manufacturer, Outsourcing Facility, Third-Party Logistics Provider, or Repackager – Initial and Renewal	\$1,900	\$2,000	Biennial
Other			
Change of Responsible Person fee	--	\$15	As needed

*Fee amount is an annual amount. By Board rule, the current registration period is two years, so the amount paid by a technician at renewal is \$50 every two years and will be \$130 every two years under the proposed budget.

During the FY 2026-FY 2027 biennium, the Board expects these fees to result in revenues of \$15.8 million, an increase of 18.3% or \$2.4 million over FY 2024-FY 2025 revenues of \$13.4 million.

Analysis of FY 2026-FY 2027 budget proposal

For the purpose of funding the Board's operations during the FY 2026-FY 2027 biennium, the executive budget appropriates money to the six appropriation line items (ALIs) described below, including the purpose(s) and revenue source(s) of their respective appropriations.

Drug Law Enforcement (ALI 887605)

FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Estimate	FY 2026 Introduced	FY 2027 Introduced
DPF Fund 4A50 ALI 887605, Drug Law Enforcement					
\$0	\$292	\$150	\$50,000	\$50,000	\$50,000
% change	--	-48.6%	33,233.3%	0.0%	0.0%

This line item pays for expenses that the Board incurs in the enforcement of criminal drug laws, generally training, education, or equipment for investigative staff. It is not typically used for routine operating costs (e.g., staff payroll). Beginning in FY 2025, the Board is shifting certain law enforcement expenses to this line item which were previously covered by ALI 887609, Operating Expenses, described below.

The line item's funds are appropriated from the Board of Pharmacy Drug Law Enforcement Fund (Fund 4A50), which consists of the Board's share of certain fines and forfeited bonds and bail resulting from its participation in the investigation and prosecution of drug law violations. Those revenue sources are nonrecurring and unpredictable.

Operating Expenses (ALI 887609)

FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Estimate	FY 2026 Introduced	FY 2027 Introduced
DPF Fund 4K90 ALI 887609, Operating Expenses					
\$11,728,118	\$12,209,874	\$12,153,581	\$13,439,300	\$13,773,784	\$14,491,459
% change	4.1%	-0.5%	10.6%	2.5%	5.2%

This line item, which draws its appropriation from fees and fines credited to the Occupational Licensing and Regulatory Fund (Fund 4K90), is used by the Board to administer and enforce laws governing the legal distribution of dangerous drugs, the practice of pharmacy, and the activities of home medical equipment service providers. The executive budget proposes to modify certain fees charged by the Board. See "**Proposed fee changes**" above for a more detailed explanation.

The line item is primarily used to pay for personal services and secondarily supplies and maintenance. Over the last few fiscal years on average, the line item has been used to pay for about 78% of the Board's total annual personal services expenses and is expected to pay for nearly 81% in the FY 2026-FY 2027 biennium.

Drug Database (ALI 887612)

FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Estimate	FY 2026 Introduced	FY 2027 Introduced
DPF Fund 5SG0 ALI 887612, Drug Database					
\$84,950	\$0	\$2,962,713	\$3,035,000	\$2,826,000	\$2,865,000
% change	-100.0%	--	2.4%	-6.9%	1.4%

This line item is used to pay for operating expenses that the Board incurs to make improvements and to increase the utilization of the Ohio Automated Rx Reporting System (OARRS). Beginning in FY 2024, the Board began shifting certain OARRS operating expenses to this line item which were previously covered by ALI 887609, Operating Expenses, described above. It now funds approximately 50% of OARRS operating expenses. Its funding is appropriated from the Drug Database Fund (Fund 5SG0), which consists of grants, gifts, or donations received to maintain and enhance OARRS. These revenue sources are unpredictable.

The executive budget contains a temporary law provision that permits, in each fiscal year and upon request of the Board's Executive Director, the Director of Budget and Management to transfer up to \$2,745,500 from the Medical Marijuana Control Program Fund (Fund 5YS0) to Fund 5SG0. Fund 5YS0 is administered by the Department of Commerce.

Pharmacy Federal Grants (ALI 887614)

FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Estimate	FY 2026 Introduced	FY 2027 Introduced
FED Fund 3HDO ALI 887614, Pharmacy Federal Grants					
\$997,353	\$1,245,560	\$1,510,559	\$2,015,000	\$2,094,643	\$2,111,622
% change	24.9%	21.3%	33.4%	4.0%	0.8%

This line item is used by the Board to expend federal Harold Rogers Prescription Drug Monitoring Program grants awarded to the Board for the purposes of making improvements to, and increasing the use of, OARRS.

OARRS Integration (ALIs 658605 and 658601)

FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Estimate	FY 2026 Introduced	FY 2027 Introduced
DPF Fund 4K90 ALI 658605, OARRS Integration – State					
\$250,947	\$388,024	\$205,913	\$492,000	\$207,657	\$208,860
FED Fund 3HHO ALI 658601, OARRS Integration – Federal					
\$1,809,551	\$1,169,233	\$623,365	\$1,393,000	\$642,117	\$645,729
OARRS Integration Total		\$829,278	\$1,885,000	\$849,774	\$854,589
% change		-46.7%	127.3%	-54.9%	0.6%

The two line items above support a partnership with the Ohio Department of Medicaid that began in late 2015 as an initiative to integrate OARRS directly into electronic medical records and pharmacy dispensing systems across the state. The federal funds appropriated to line item 658601, OARRS Integration – Federal, are derived from that partnership. The Board’s portion is drawn from the above line item 658605, OARRS Integration – State, as well as additional funds allocated from line item 887609, Operating Expenses.

Facts & figures

OARRS

Ohio’s prescription drug monitoring program known as the Ohio Automated Rx Reporting System (OARRS) has been in operation since October 2006. It is administered by the State Board of Pharmacy to monitor the misuse and diversion of controlled substances, medical marijuana, and other dangerous drugs included pursuant to rules adopted by the Board.

OARRS collects information on: (1) outpatient prescriptions for controlled substances (and two noncontrolled drugs, gabapentin and naltrexone) dispensed by a pharmacy or personally furnished by a health care professional to an outpatient, (2) controlled substances sold by drug wholesalers to an Ohio licensed pharmacy or prescriber, and (3) retail dispensing of medical marijuana.

All licensed pharmacies and prescribers who personally furnish controlled substances (except veterinarians) are required to submit data within 24 hours. Wholesalers report monthly. Licensed medical marijuana dispensaries are required to report within five minutes of a sale. Each year, OARRS collects information on approximately 26 million prescriptions, and over seven million medical marijuana sales transactions reported by licensed retail dispensaries. In 2024, more than 518 million patient reports were requested by OARRS users, averaging about 43 million patient reports per month.

In 2024, there were 122,997 authorized OARRS users: 98,070 prescribers or prescriber delegates (79.7%), 20,853 pharmacists or pharmacist delegates (17.0%), 3,839 law enforcement representatives (3.1%), and 235 others (0.2%).

Licensing activity

The current licensure activities of the Board include the testing and certification of pharmacists and pharmacy interns entering the profession in Ohio, as well as renewing the licenses of practicing pharmacists. In addition, the Board licenses sites where dangerous drugs (primarily those requiring a prescription) are purchased and stored prior to the delivery to a patient. The site licenses are issued by the Board as either a terminal distributor of dangerous drugs (mainly retail-type settings including pain management clinics) or a wholesale distributor of dangerous drugs. Terminal distributor sites include, but are not limited to, retail pharmacies, hospitals, physician offices, veterinary clinics, nursing homes, prisons and jails, emergency medical squads, clinics, and medical gas distributors.

H.B. 49 of the 132nd General Assembly redefined Terminal Distributor of Dangerous Drugs CAT I and Controlled Substance Manufacturer licenses into other license types. The Board implemented new categories for the Wholesale Distributor of Dangerous Drugs license as well.

H.B. 49 also adjusted licensing renewal schedules and fees. Additionally, in FY 2018, the Board took on the responsibility of issuing Home Medical Equipment Facility Licenses and Certificates of Registration, which were previously issued under the abolished Respiratory Care Board.

The Board's number of active licenses for FY 2019 through FY 2023 is summarized in Table 2 below.¹ As of January 1, 2024, all medical marijuana licensing activities noted in the table below are completed by the Department of Commerce.

Table 2. Number of Active Licenses, FY 2019-FY 2023					
License Type	Fiscal Year				
	2019	2020	2021	2022	2023
Pharmacist	20,704	21,843	21,882	23,267	23,093
Pharmacy Intern	2,951	4,397	4,343	5,132	4,013
Pharmacy Technician	24,269	34,372	37,075	43,783	36,628
Terminal Distributor of Dangerous Drugs	19,555	21,813	23,831	24,768	24,138
Drug Distributor	1,802	2,028	2,237	2,228	2,429
Home Medical Equipment Service Provider	874	1,011	1,055	1,097	895
Medical Marijuana Control Program					
Dispensary – Certificate of Operation	19	51	70	89	78
Dispensary – Provisional	37	34	3	74	11
Dispensary Employee	614	1,533	2,311	2,880	3,637
Total Active Licenses	70,825	87,082	92,807	103,318	95,021

PRX/lb

¹ Data drawn from the Board's annual reports posted on its website.

**FY 2026 - FY 2027 Appropriations - As Introduced
All Fund Groups - Detail**

Main Operating Appropriations Bill

Detail by Agency	FY 2024	Estimate FY 2025	Introduced FY 2026	Introduced FY 2027	FY 2025 to FY 2026 % Change	FY 2026 to FY 2027 % Change
PRX Board of Pharmacy						
4A50 887605 Drug Law Enforcement	\$150	\$50,000	\$50,000	\$50,000	0.00%	0.00%
4K90 658605 OARRS Integration - State	\$205,913	\$492,000	\$207,657	\$208,860	-57.79%	0.58%
4K90 887609 Operating Expenses	\$12,153,581	\$13,439,300	\$13,773,784	\$14,491,459	2.49%	5.21%
5SG0 887612 Drug Database	\$2,962,713	\$3,035,000	\$2,826,000	\$2,865,000	-6.89%	1.38%
5SY0 887613 Medical Marijuana Control Program	\$1,453,040	\$0	\$0	\$0	N/A	N/A
Dedicated Purpose Fund Group Subtotal	\$16,775,396	\$17,016,300	\$16,857,441	\$17,615,319	-0.93%	4.50%
3HD0 887614 Pharmacy Federal Grants	\$1,510,559	\$2,015,000	\$2,094,643	\$2,111,622	3.95%	0.81%
3HH0 658601 OARRS Integration - Federal	\$623,365	\$1,393,000	\$642,117	\$645,729	-53.90%	0.56%
3HM0 887615 Equitable Sharing Treasury	\$0	\$16,604	\$0	\$0	-100.00%	N/A
3HN0 887616 Equitable Sharing Justice	\$0	\$109,288	\$0	\$0	-100.00%	N/A
Federal Fund Group Subtotal	\$2,133,924	\$3,533,891	\$2,736,760	\$2,757,351	-22.56%	0.75%
Board of Pharmacy Total	\$18,909,321	\$20,550,191	\$19,594,201	\$20,372,670	-4.65%	3.97%
Main Operating Appropriations Bill Total	\$18,909,321	\$20,550,191	\$19,594,201	\$20,372,670	-4.65%	3.97%