



## Fiscal Estimate Narratives

R&L 11/16/2005

|                                    |           |                     |        |               |          |
|------------------------------------|-----------|---------------------|--------|---------------|----------|
| LRB Number                         | 05-2207/3 | Introduction Number | AB-722 | Estimate Type | Original |
| <b>Subject</b>                     |           |                     |        |               |          |
| Regulating out of state pharmacies |           |                     |        |               |          |

### Assumptions Used in Arriving at Fiscal Estimate

This bill requires a pharmacy that is located outside the state that delivers prescription drugs or devices to persons in this state to be licensed by the Pharmacy Examining Board.

The Department of Regulation and Licensing would incur the following costs under the provisions of this bill:

[all staff costs include fringe benefits at 40.64% of salary]

One-time costs: \$10,980

Changes to IT systems to license out of state pharmacies  
85 hours IT programmer time @ \$35 hour 2,800

Develop forms and applications  
20 hours program manger @ 36 hour 720  
40 hours program assistant @ \$17 hour 680  
20 hours legal counsel @ \$53 hour 1,060

Promulgate rules  
80 hours paralegal @ \$27 hour 2,160  
40 hours legal counsel @ \$53 2,120  
40 hours program manager @ \$36 hour 1,440

Annual costs to screen, investigate and resolve complaints:

50 hours paralegal @ 17 hour 850  
200 hours investigator @ 26 hour 5,200  
100 hours prosecutor @ 53 hour 5,300  
96 hours administrative law judge @ 53 hour 5,088

Revenue Assumptions:

The department calculates that approximately 200 out of state pharmacies will seek biennial licensure and pay the biennial fee of \$56. This will generate biennial revenues of \$11,200. Annualized revenues would be \$560 to the general fund and \$5,040 to DRL operations.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

|  |  |  |                 |
|--|--|--|-----------------|
| LRB Number <b>05-2207/3</b>  |  | Introduction Number <b>AB-722</b>              |                 |
| <b>Subject</b>   |  |  |                 |
| Regulating out of state pharmacies   |  |  |                 |
| <b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>                                |  |  |                 |
| \$10,980   |  |  |                 |
| <b>II. Annualized Costs:</b>   |  | <b>Annualized Fiscal Impact on funds from:</b> |                 |
|  |  | Increased Costs                                | Decreased Costs |
| <b>A. State Costs by Category</b>  |  |  |                 |
| State Operations - Salaries and Fringes  |  | \$16,438                                       |                 |
| (FTE Position Changes)   |  |  |                 |
| State Operations - Other Costs   |  |  |                 |
| Local Assistance   |  |  |                 |
| Aids to Individuals or Organizations   |  |  |                 |
| <b>TOTAL State Costs by Category</b>   |  | <b>\$16,438</b>                                | <b>\$</b>       |
| <b>B. State Costs by Source of Funds</b>   |  |  |                 |
| GPR  |  |  |                 |
| FED  |  |  |                 |
| PRO/PRS ( X)   |  | 16,438   |                 |
| SEG/SEG-S  |  |  |                 |
| <b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b> |  |  |                 |
|  |  | Increased Rev                                  | Decreased Rev   |
| GPR Taxes  |  | \$   | \$              |
| GPR Earned   |  | 560  |                 |
| FED  |  |  |                 |
| PRO/PRS  |  | 5,040  |                 |
| SEG/SEG-S  |  |  |                 |
| <b>TOTAL State Revenues</b>  |  | <b>\$5,600</b>                                 | <b>\$</b>       |
| <b>NET ANNUALIZED FISCAL IMPACT</b>  |  |  |                 |
|  |  | <u>State</u>                                   | <u>Local</u>    |
| NET CHANGE IN COSTS  |  | \$16,438                                       | \$              |
| NET CHANGE IN REVENUE  |  | \$5,600  | \$              |
| <b>Agency/Prepared By</b>  |  | <b>Authorized Signature</b>                    | <b>Date</b>     |
| R&L/ Elizabeth Reinwald (608) 266-0746   |  | Elizabeth Reinwald (608) 266-0746              | 11/15/2005      |