

Greenbook

LBO Analysis of Enacted Budget

Ohio State Board of Pharmacy

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August 2019

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Attachment:

Appropriation Spreadsheet

LBO Greenbook

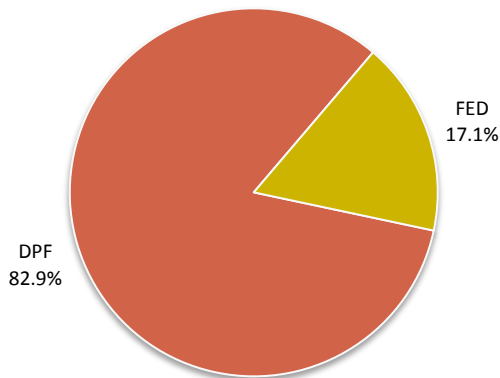
Ohio State Board of Pharmacy

Quick look...

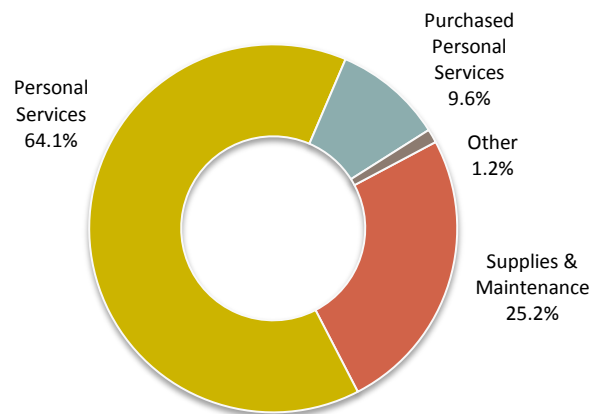
- The Board’s primary functions include licensing pharmacists and related professions, licensing sites where dangerous drugs are sold or stored, maintaining Ohio’s prescription drug monitoring database, and regulating medical marijuana dispensaries, patients, and caregivers.
- Total budget appropriations: \$17.3 million in FY 2020 and \$17.1 million in FY 2021.
 - Revenue sources: state non-GRF (82.9%) and federal (17.1%).
 - The Board receives no GRF funding.
- Nearly 75% of the Board’s biennial budget is expected to be used for personal services and purchased personal services.
- The Board oversees over 67,000 active licenses.

Fund Group	FY 2018 Actual	FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
Dedicated Purpose Fund (DPF)	\$10,968,649	\$13,132,256	\$14,372,088	\$14,221,587
Federal (FED)	\$1,851,840	\$2,287,891	\$2,976,016	\$2,915,000
Total	\$12,820,489	\$15,420,146	\$17,348,104	\$17,136,587
% change	--	20.3%	12.5%	-1.2%

**Chart 1: Pharmacy Budget by Fund Group
FY 2020-FY 2021 Biennium**



**Chart 2: Pharmacy Budget by Expense Category
FY 2020-FY 2021 Biennium**



Biennial total: \$34.5 million

Agency overview

The State Board of Pharmacy (hereinafter the Board), 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), the Criminal Drug Law (R.C. Chapter 2925), and the Medical Marijuana Control Program (R.C. Chapter 3796). The services and activities that the Board performs to fulfill those responsibilities can be divided into two distinct programs as follows:

- **Regulation.** (1) Licensing and monitoring of pharmacists, pharmacy interns, pharmacy technicians, terminal and wholesale distributors, and certain home medical equipment providers, (2) enforcing criminal drug laws, and (3) 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 licenses and regulates more than 67,000 pharmacists, pharmacy interns, pharmacy technicians, terminal distributors of dangerous drugs, drug distributors, and home medical equipment service providers.
- **Medical Marijuana Control.** Licensing of medical marijuana dispensaries and registration of medical marijuana patients and caregivers. As of August 2019, the Board had issued 56 provisional dispensary licenses, and registered 53,082 patients and 3,998 caregivers.

Staffing

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 over a three-day consecutive period.

In addition to the nine Board members, as the table below shows, 92 full-time equivalent (FTE) staff are expected to be employed to perform regulation, prescription monitoring, and medical marijuana control program activities in FY 2020 and FY 2021. From FY 2019 projected through FY 2021, the Board's staffing level is expected to remain steady, while transferring 11 FTEs from Prescription Monitoring to Regulation, as the former is to be merged into the latter as of FY 2020.

Board Staffing Levels (FTEs) by Program, FYs 2018-2021*				
Program	FY 2018	FY 2019	FY 2020	FY 2021
Regulation	59	68	79	79
Prescription Monitoring	8	11	0	0
Medical Marijuana	13	13	13	13
Total FTEs	80	92	92	92

*FYs 2020-2021 are estimates.

Appropriation summary

The budget provides the Board with a total appropriation of \$17.3 million in FY 2020 and \$17.1 million in FY 2021. The table and Chart 1 shown in the preceding “Quick look” section present the appropriations by fund group. As shown in Chart 1, state non-GRF accounts for 82.9% of the Board’s budget during the biennium followed by federal funding (17.1%). The Board receives, as has been the historical practice, no GRF funding.

Chart 2 in the “Quick look” section shows the total biennial appropriations by object of expense. Approximately 64% of the total biennial appropriation, or \$22.1 million, is expected to be allocated for payroll costs, followed by supplies and maintenance (25.2%, or \$8.7 million), purchased personal services (9.6%, or \$3.3 million), equipment (1.2%, or \$403,000), and transfers and nonexpense (0.01%, or \$4,000).

Permanent law provisions

Accounting of federal forfeiture moneys

The budget creates in the state treasury the Board of Pharmacy Federal Equitable Sharing Justice Fund and the Board of Pharmacy Federal Equitable Sharing Treasury Fund, and requires moneys derived from forfeitures of property pursuant to federal law to be deposited in those funds, as opposed to the Board of Pharmacy Drug Law Enforcement Fund (Fund 4A50) as under prior law.

Service entities and naloxone

The budget adds places of worship to the list of service entities that, under current law, may procure naloxone for use in an emergency situation without having to obtain a license issued by the Board and whose employees, volunteers, or contractors are not liable for or subject to any of the following for injury, death, or loss to person or property that arises from an act or omission associated with procuring, maintaining, accessing, or using naloxone, unless the act or omission constitutes willful or wanton conduct: damages in any civil action, prosecution in any criminal proceeding, or professional disciplinary action.

Cost-sharing for drug purchases

The budget requires a pharmacist, pharmacy intern, or terminal distributor of dangerous drugs who has information indicating that the cost-sharing amount required by the patient’s health benefit plan exceeds the permitted amount to provide such information to the patient and ensure that the patient is not charged the higher amount.

Vetoed provisions

The Governor vetoed provisions that would have: (1) permitted the Board to provide information from OARRS to a prescriber or pharmacist participating in a prescription monitoring program operated by a federal agency, and (2) allowed a Medicaid managed care organization (MCO) to submit a bulk request to the Board for information about all Medicaid recipients enrolled in the organization’s Medicaid MCO plan and required the Board to provide the requested information in a single electronic file or format.

Analysis of FY 2020-FY 2021 budget

The Board's budget consists of seven appropriation line items (ALIs), five of which are supported by money appropriated from specific funds in the Dedicated Purpose Fund (DPF) group, and two of which are supported by federal grants or awards. The budget provides a total appropriation of \$17.3 million in FY 2020 and \$17.1 million in FY 2021, of which 82.9% is supported by the DPF group, and 17.1% by federal funding. Each of these seven line items is discussed further below.

Drug Law Enforcement (ALI 887605)

FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
DPF Fund 4A50 ALI 887605, Drug Law Enforcement					
\$17,644	\$35,155	\$16,911	\$147,422	\$150,000	\$150,000
% change	99.2%	-51.9%	771.8%	1.7%	0.0%

This line item is used to fund expenses the Board incurs in the enforcement of criminal drug laws, including providing training, education, and equipment for investigative staff. The line item draws its appropriations from the Board's share of certain fines and forfeited bonds and bail collected as a result of its drug law enforcement efforts and credited to Fund 4A50. Under the budget, one-third of the line item's appropriation, or \$50,000, is expected to be allocated equally in each fiscal year for: (1) purchased personal services, (2) supplies and maintenance, and (3) equipment.

Operating Expenses (ALI 887609)

FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
DPF Fund 4K90 ALI 887609, Operating Expenses					
\$6,242,952	\$7,396,829	\$8,548,861	\$9,162,202	\$10,220,383	\$10,646,387
% change	18.5%	15.6%	7.2%	11.5%	4.2%

This line item, which draws its appropriations from fees and fines credited to 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.

In each of FY 2020 and FY 2021, approximately 76%, or roughly \$8.0 million, is expected to be allocated for personal services (wages, salaries, fringe benefits, and payroll checkoff charges), around 20%, or \$2.0 million, for supplies and maintenance, and another 2%, or \$225,000, for purchased personal services. The remaining 1% to 2%, around \$110,000 in FY 2020 and \$197,000 in FY 2021, is expected to be allocated, in order of magnitude, for: (1) equipment, and (2) transfers and nonexpense.

Drug Database (ALI 887612)

FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
DPF Fund 5SG0 ALI 887612, Drug Database					
\$0	\$127,221	\$127,773	\$283,710	\$664,369	\$670,000
% change	--	0.4%	122.0%	134.2%	0.8%

This line item is used to make improvements to, and increase the utilization of, OARRS. Currently, it is being used to implement two memorandums of understanding (MOU): one between the Board and the Ohio Department of Health and one between the Board and the Department of Mental Health and Addiction Services (MHA). Under the MOU with the Department of Health, the Department transfers federal grant money to the Board for the purposes of: (1) making certain improvements to OARRS, (2) conducting analyses of prescribing behavior and prescription overdose data, and (3) performing an evaluation study of the requirements of H.B. 341 of the 130th General Assembly. Under the MOU with the Department of Mental Health and Addiction Services, the Department transfers federal grant money to the Board for the purpose of making certain improvements to OARRS to help MHA address prescription drug overdoses.

In each of FY 2020 and FY 2021, 63%, or roughly \$420,000, is expected to be allocated for personal services (wages, salaries, fringe benefits, and payroll checkoff charges), 22%, or \$150,000, for purchased personal services, and 15%, or \$100,000, for supplies and maintenance.

Medical Marijuana Control Program (ALI 887613)

FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
DPF Fund 5SY0 ALI 887613, Medical Marijuana Control Program					
\$0	\$563,124	\$2,111,651	\$3,324,680	\$3,084,072	\$2,500,200
% change	--	275.0%	57.4%	-7.2%	-18.9%

This line item is used by the Board to implement H.B. 523 of the 131st General Assembly, which requires the Board and the Ohio Department of Commerce establish and administer the Medical Marijuana Control Program. The Board is authorized to register patients and caregivers and to issue licenses to medical marijuana dispensaries.

The decrease from FY 2019 actual expenditures through the FY 2020-FY 2021 biennial appropriations reflect a reduction in projected expenses, primarily purchased personal services, as the program transitions from start-up to ongoing maintenance.

In FY 2020, 48% of the line item's appropriation, or \$1.5 million, is expected to be allocated for personal services (wages, salaries, fringe benefits, and payroll checkoff charges), 42%, or \$1.3 million, for purchased personal services, and 10%, or \$310,000, for supplies and maintenance.

In FY 2021, 63% of the line item's appropriation, or \$1.6 million, is expected to be allocated for personal services (wages, salaries, fringe benefits, and payroll checkoff charges), 20%, or \$500,000, for purchased personal services, and 17%, or \$430,000, for supplies and maintenance.

The money for this purpose is appropriated from the Medical Marijuana Control Program Fund (Fund 5SY0), which initially consisted of \$1.8 million transferred in FY 2017 from the Controlling Board Emergency Purposes/Contingencies Fund (Fund 5KM0). To date, a total of \$8.6 million has been transferred from Fund 5KM0 and appropriated in varying amounts to fund the operating expenses of both the Board and Department of Commerce. The budget requires the directors of the Board and the Department of Commerce to consult with the Director of Budget and Management to determine a schedule during the FY 2020-FY 2021 biennium to fully repay the transfers from Fund 5KM0 to Fund 5YS0. This repayment will be deposited into the GRF. The repayment will be from license fees that are credited to Fund 5YS0.

Pharmacy Federal Grants (ALI 887614)

FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
FED Fund 3HDO ALI 887614, Pharmacy Federal Grants					
\$0	\$72,058	\$251,058	\$280,666	\$612,433	\$531,000
% change	--	248.4%	11.8%	118.2%	-13.3%

This line item is used by the Board to expend federal project grants awarded to the Board for the purposes of making improvements to, and increasing the use of, OARRS.

In FY 2020, 82% of the line item's appropriation, or roughly \$500,000, is expected to be allocated for personal services (wages, salaries, fringe benefits, and payroll checkoff charges), 16%, or \$100,000, for purchased personal services, and 2%, or \$10,000, for supplies and maintenance.

In FY 2021, 98% of the line item's appropriation, or roughly \$520,000, is expected to be allocated for personal services (wages, salaries, fringe benefits, and payroll checkoff charges). The remaining 2%, or \$10,000, is allocated for supplies and maintenance.

OARRS Integration (ALIs 658605 and 658601)

FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
DPF Fund 4K90 ALI 658605, OARRS Integration – State					
\$0	\$0	\$163,455	\$214,242	\$253,264	\$255,000
FED Fund 3HHO ALI 658601, OARRS Integration – Federal					
\$0	\$0	\$1,546,076	\$2,007,225	\$2,363,583	\$2,384,000
OARRS Integration Total		\$1,709,531	\$2,221,467	\$2,616,847	\$2,639,000
% change		--	29.9%	17.8%	0.8%

These two line items are used to fund the Ohio Automated Rx Reporting System (OARRS) integration initiative, an effort under the State Medicaid Health Information Technology Plan to integrate OARRS directly into electronic medical records and pharmacy dispensing systems across the state. Line item 658605, OARRS Integration – State, provides the state match to meet federal grant requirements.

In each fiscal year, about 66%, or \$1.7 million, of the line item's appropriation is expected to be allocated for supplies and maintenance, 23%, or roughly \$600,000, for personal services (wages, salaries, fringe benefits, and payroll checkoff charges), and 11%, or \$280,000, for purchased personal services.

FY 2020 - FY 2021 Final Appropriations

All Fund Groups

Line Item Detail by Agency			Appropriations			FY 2019 to FY 2020	Appropriations	FY 2020 to FY 2021
			FY 2018	FY 2019	FY 2020	% Change	FY 2021	% Change
Report For: Main Operating Appropriations Bill			Version: As Enacted					
PRX	State Board of Pharmacy							
4A50	887605	Drug Law Enforcement	\$ 16,911	\$ 147,422	\$ 150,000	1.75%	\$ 150,000	0.00%
4K90	658605	OARRS Integration - State	\$ 163,455	\$ 214,242	\$ 253,264	18.21%	\$ 255,000	0.69%
4K90	887609	Operating Expenses	\$ 8,548,861	\$ 9,162,202	\$ 10,220,383	11.55%	\$ 10,646,387	4.17%
5SG0	887612	Drug Database	\$ 127,773	\$ 283,710	\$ 664,369	134.17%	\$ 670,000	0.85%
5SY0	887613	Medical Marijuana Control Program	\$ 2,111,650	\$ 3,324,680	\$ 3,084,072	-7.24%	\$ 2,500,200	-18.93%
Dedicated Purpose Fund Group Total			\$ 10,968,649	\$ 13,132,256	\$ 14,372,088	9.44%	\$ 14,221,587	-1.05%
3E80	887608	2008 Developing/Enhancing PMP	\$ 54,706	\$ 0	\$ 0	N/A	\$ 0	N/A
3HD0	887614	Pharmacy Federal Grants	\$ 251,058	\$ 280,666	\$ 612,433	118.21%	\$ 531,000	-13.30%
3HH0	658601	OARRS Integration - Federal	\$ 1,546,076	\$ 2,007,225	\$ 2,363,583	17.75%	\$ 2,384,000	0.86%
Federal Fund Group Total			\$ 1,851,840	\$ 2,287,891	\$ 2,976,016	30.08%	\$ 2,915,000	-2.05%
State Board of Pharmacy Total			\$ 12,820,489	\$ 15,420,146	\$ 17,348,104	12.50%	\$ 17,136,587	-1.22%