

# **LSC Greenbook**

**Analysis of the Enacted Budget**

**State Board of Pharmacy**

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**ATTACHMENT:**

Budget Spreadsheet By Line Item

# State Board of Pharmacy

- Budget likely to support maintenance of FY 2015 service and activity levels
- OARRS federal funding uncertain
- Board's primary expenses are payroll-related

## 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 services and activities that the Board performs to fulfill those duties and responsibilities can be divided into two distinct programs as follows:

- **Regulation.** Licensing and monitoring of pharmacists, pharmacy interns, terminal and wholesale distributors, and enforcing criminal drug laws.
- **Prescription Monitoring.** 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 who are appointed by the Governor for terms of four years. A staff of 57 employees is responsible for carrying out the day-to-day operations and responsibilities of the Board.

### Appropriation Overview

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

Table 1. Pharmacy Board Appropriations by Fund Group, FY 2016-FY 2017 (Am. Sub. H.B. 64)					
Fund Group	FY 2015*	FY 2016	% change, FY 2015-FY 2016	FY 2017	% change, FY 2016-FY 2017
Dedicated Purpose	\$6,505,168	\$6,929,608	6.5%	\$6,968,799	0.6%
Federal	\$285,446	\$128,677	-54.9%	\$0	-100.0%
<b>TOTAL</b>	<b>\$6,790,615</b>	<b>\$7,058,285</b>	<b>3.9%</b>	<b>\$6,968,799</b>	<b>-1.3%</b>

\*FY 2015 figures represent actual expenditures.

For FY 2016, the budget appropriates a total of \$7,058,285, an increase of \$267,670, or 3.9%, from FY 2015 total expenditures of \$6,790,615. The FY 2017 appropriation totals \$6,968,799, a decrease of \$89,486, or 1.3%, from the FY 2016 appropriation. Of note are the reductions in federal appropriations, as the Board has largely spent down what are essentially one-time federal grants for OARRS enhancements and improvements. With regard to the Board's federal funding, it is not uncommon for it to come before the Controlling Board to request an appropriation increase if federal grant funding becomes available during the biennium. This is primarily due to the rather unpredictable nature of these one-time funds in terms of timing and magnitude.

The Board's largest expense category, likely to be in the range of 80% to 90%, will be personal services, which encompasses payroll-related expenses (wages, salaries, fringe benefits, and other payroll charges). The second largest expense category will be costs related to supplies and maintenance.

In terms of allocating the Board's total appropriation between its Regulation and Prescription Monitoring programs, around 90% is typically allocated for the former and 10% for the latter.

### **Prescription Monitoring Program/OARRS**

Ohio's prescription monitoring program, known as OARRS, was established to monitor the misuse and diversion of controlled substances and certain dangerous drugs. The Board established OARRS to collect information on all prescriptions for controlled substances that are issued by licensed prescribers and dispensed by pharmacies in Ohio. Information collected in the database is used by law enforcement authorities to investigate and enforce drug control laws. 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.

At the end of calendar year 2014, the database included approximately 49.4 million prescription records, a number that has steadily increased over the years. There were 50,590 users: 35,413 prescribers (70%), 12,142 pharmacists (24%), and 3,035 law enforcement (6%). The total number of prescription reports requested annually has increased substantially. From 2007 to 2014, the total number of reports requested increased by more than 5,000%. In 2014, more than 10.7 million reports were requested.

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. 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 (see Table 2 below).

<b>Fiscal Year</b>	<b>Federal Funds</b>	<b>% of Total</b>	<b>State Fund 4K90</b>	<b>% of Total</b>	<b>Total</b>
2006	\$318,577	84.7%	\$57,708	15.3%	\$376,285
2007	\$194,621	32.8%	\$397,988	67.2%	\$592,609
2008	\$359,006	60.6%	\$233,492	39.4%	\$592,498
2009	\$313,272	59.5%	\$213,504	40.5%	\$526,776
2010	\$406,845	77.3%	\$119,556	22.7%	\$526,401
2011	\$556,164	92.8%	\$43,367	7.2%	\$599,531
2012	\$463,471	89.3%	\$55,540	10.7%	\$519,011
2013	\$307,458	57.9%	\$223,466	42.1%	\$530,924
2014	\$269,830	38.3%	\$434,834	61.7%	\$704,664
2015	\$285,446	37.0%	\$486,411	63.0%	\$771,857
2016	\$128,677	17.5%	\$605,359	82.5%	\$734,036
2017	\$0	0.0%	\$754,413	100.0%	\$754,413

\*FYs 2016 and 2017 are estimates.

## ANALYSIS OF ENACTED BUDGET

The table below shows the line items that are used to fund the State 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.

Appropriations for the State Board of Pharmacy				
Fund	ALI and Name		FY 2016	FY 2017
<b>Dedicated Purpose Fund (DPF) Group</b>				
4A50	887605	Drug Law Enforcement	\$150,000	\$150,000
4K90	887609	Operating Expenses	\$6,779,608	\$6,818,799
<b>Dedicated Purpose Fund Group Subtotal</b>			<b>\$6,929,608</b>	<b>\$6,968,799</b>
<b>Federal (FED) Fund Group</b>				
3DV0	887607	Enhancing Ohio's PMP	\$128,677	\$0
<b>Total Funding: State Board of Pharmacy</b>			<b>\$7,058,285</b>	<b>\$6,968,799</b>

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

This 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. Money deposited to the fund is restricted 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 both FY 2016 and FY 2017. Each year's appropriation is likely to be allocated for a mix of purchased personal services, supplies and maintenance, and equipment.

### Operating Expenses (DPF line item 887609)

This line item, which draws its appropriations from fees and fines deposited into 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 of \$6,779,608 for FY 2016 and \$6,818,799 for FY 2017. In the range of 85% to 90% in each year will be allocated for payroll.

The appropriations are less than what the Board requested by \$198,312 in FY 2016 and \$334,690 in FY 2017 for its Regulation and Prescription Monitoring programs. The Board believes it can maintain existing service and activity levels by reallocating available funding as necessary. It is also possible that the Board may be awarded an additional one-time federal OARRS improvement grant in the next year or

so, which would give the Board greater flexibility in using the money appropriated from Fund 4K90.

### **Enhancing Ohio's PMP (FED line item 887607)**

This line item is used to disburse a federal Department of Justice grant totaling \$386,621. The remaining \$128,677 of the grant is expected to be fully expended by the end of FY 2016.

The purpose of the grant is to enhance OARRS. The OARRS enhancements to be performed with the federal grant will include: (1) providing additional reports to prescribers, (2) developing online user tutorials, (3) integrating with CliniSync, an Ohio health information exchange,<sup>1</sup> (4) conducting onsite prescriber education, and (5) making quarterly reviews of data to identify potential violations of drug laws. The money is being primarily allocated to fund the payroll expenses of existing staff assigned to the project, and secondarily to fund three separate contracts for system enhancements as well as training for law enforcement and healthcare professionals.

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<sup>1</sup> This exchange is a network that connects electronic health record systems used by different healthcare providers. The connection between OARRS and the exchange will serve as a bridge between providers, their electronic health record systems, and OARRS.

# FY 2016 - FY 2017 Final Appropriation Amounts

# All Fund Groups

## Line Item Detail by Agency

			FY 2014	FY 2015	Appropriation FY 2016	FY 2015 to FY 2016 % Change	Appropriation FY 2017	FY 2016 to FY 2017 % Change
<b>Report For Main Operating Appropriations Bill</b>			<b>Version: As Enacted</b>					
<b>PRX State Board of Pharmacy</b>								
4A50	887605	Drug Law Enforcement	\$ 86,680	\$ 4,694	\$ 150,000	3,095.35%	\$ 150,000	0.00%
4K90	887609	Operating Expenses	\$ 6,076,276	\$ 6,500,474	\$ 6,779,608	4.29%	\$ 6,818,799	0.58%
<b>Dedicated Purpose Fund Group Total</b>			<b>\$ 6,162,957</b>	<b>\$ 6,505,168</b>	<b>\$ 6,929,608</b>	<b>6.52%</b>	<b>\$ 6,968,799</b>	<b>0.57%</b>
3BC0	887604	Dangerous Drugs Database	\$ 146,476	\$ 41,891	\$ 0	-100.00%	\$ 0	N/A
3CT0	887606	2008 Developing/Enhancing PMP	\$ 113,102	\$ 158,554	\$ 0	-100.00%	\$ 0	N/A
3DV0	887607	Enhancing Ohio's PMP	\$ 0	\$ 85,001	\$ 128,677	51.38%	\$ 0	-100.00%
3EY0	887603	Administration of PMIX Hub	\$ 10,253	\$ 0	\$ 0	N/A	\$ 0	N/A
<b>Federal Fund Group Total</b>			<b>\$ 269,830</b>	<b>\$ 285,446</b>	<b>\$ 128,677</b>	<b>-54.92%</b>	<b>\$ 0</b>	<b>-100.00%</b>
<b>State Board of Pharmacy Total</b>			<b>\$ 6,432,787</b>	<b>\$ 6,790,615</b>	<b>\$ 7,058,285</b>	<b>3.94%</b>	<b>\$ 6,968,799</b>	<b>-1.27%</b>