Oregon Board of Pharmacy
2017-19 Budget Presentation
(Governor's Budget)

Joint Ways and Means
Education Subcommittee
February 7, 2017
8:30 AM – Room H-170

Presented by:

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"The mission of the Oregon State Board of Pharmacy is to promote, preserve and protect the public health, safety and welfare by ensuring high standards in the practice of pharmacy and by regulating the quality, manufacture, sale and distribution of drugs".

Executive Summary

The Oregon Board of Pharmacy (OBOP), established in 1891 under ORS Chapter 689 regulates the practice of pharmacy and the commerce and quality of all prescription and non-prescription drugs within and into the State. In addition, the Board has authority and responsibilities contained in ORS Chapter 475, the Uniform Controlled Substances Act to oversee drugs with abuse or addiction potential and the research and scheduling of controlled drugs in Oregon. The practice of pharmacy in the State of Oregon is declared a professional practice affecting public health, safety and welfare and is subject to regulation and control in the interest of Oregon Citizens. The Legislature further declared it to be a matter of public interest and concern that the practice of pharmacy merit and receive the confidence of the citizens of Oregon and that only qualified persons be permitted to engage in the practice of pharmacy in the State.

The Board of Pharmacy consists of *nine* board members appointed by the Governor and subject to Senate confirmation, comprised of *two* public members, *five* pharmacists and *two pharmacy technicians* in active practice. The agency's staff currently consists of twenty FTE. The 2017-19 proposed organizational chart is located in the Appendix of this presentation on page 17. A detailed description of ongoing operational tasks can be found in the Governor's Balanced Budget binder.

Summary of Program

The purpose of the Board of Pharmacy under ORS Chapter 689 is to promote, preserve, and protect the health, safety and welfare of Oregon citizens by control and regulation of the practice of pharmacy and the commerce and quality of drugs through outlets involved in the manufacture, production, sale and distribution of legend drugs (*prescription*), over-the-counter drugs (*non-prescription*), controlled substances (*drugs identified by the U.S. Drug Enforcement Administration (DEA) as having abuse or addiction potential*) and devices and other materials as may be used in the diagnosis, cure, mitigation, prevention and treatment of injury, illness and disease.

This is accomplished through:

Examinations: Any individual wishing to practice as a pharmacist in the State must take and pass an entry level competency exam, the North American Pharmacy Licensure Examination (NAPLEX). This exam has been standardized throughout all fifty states. Candidates for licensure in Oregon must also take and pass a pharmacy law exam, the Multistate Pharmacy Jurisprudence Examination (MPJE). These exams are administered by the National Association of Boards of Pharmacy (NABP). The exam questions are written and maintained and updated by OBOP staff and members through annual review of the exam question pool and psychometric analysis of the questions by NABP.

Licensing: Upon verifying that the exams have been taken and passed, the pharmacist candidate is allowed to submit an application. The application and required documents are vetted through the NABP Disciplinary Clearinghouse and the OBOP completes an FBI criminal background check prior to issuing a license. All "people" (pharmacist, technician and intern) licenses now renew on a biennial cycle. The OBOP has an established electronic online renewal process for licensees. Pharmacy Technicians are licensed must become

nationally certified within two years of initial Oregon licensure. All “outlet” registrations renew annually. Pharmacies, pharmaceutical manufacturers & wholesalers, non-prescription drug outlets, and a variety of other drug outlets must also be licensed with the OBOP to do business in the State. Establishments seeking licensure undergo similar scrutiny and vetting of applications and documents for licensure.

Investigations: The OBOP investigates all complaints and allegations of violations of the Oregon Pharmacy Act (ORS Chapter 689) and corresponding administrative rules (OAR Chapter 855). The OBOP also investigates any violations of state or federal laws and rules related to controlled substances.

Information and Education: Customer Service is one of the Board’s high priorities. All incoming phone calls are answered by a staff member, and then routed to the appropriate personnel for assistance. This differentiates us from other Boards of Pharmacy. The OBOP staff receives questions from licensees, other healthcare professionals, the media and the public. The Board has a philosophy of compliance through education and responds to many requests for appearances and presentations to pharmacy professional associations and pharmacy schools regarding pharmacy and drug law and licensing issues. The Board conducted 53 outreach programs since our last budget presentation.

Agency Key Performance Measures

Goals

The Agency has identified three long-term strategic goals to align with Key Performance Measures (KPM) that are consistent with its mission statement and that will provide direction for ongoing activities and resource allocation. The goals and measures are:

- Goal #1: Protect Oregon consumers by regulating the practice of pharmacy and distribution of drugs
- Goal #2: Provide excellent customer service
- Goal #3: Conduct business in a manner that supports a positive environment for the pharmacy industry

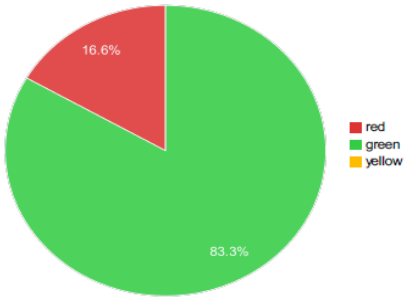
In its ongoing efforts to achieve these goals, the Board will:

- Continue to assure the competency level of pharmacists through testing, peer review, and improved continuing education
- Maximize the use of onsite inspections of the various drug outlets
- Focus on timely investigation of consumer complaints and allegations of diversion and other drug distribution violations and medication dispensing errors.
- Work closely with the Medical, Nursing, Dental, Optometry, Naturopathic and Veterinary Boards and their Associations (i.e. health professions with authority to prescribe drugs), the Oregon State University College of Pharmacy and the Pacific University College of Health Professions School of Pharmacy, and the state and federal drug enforcement agencies in the ongoing effort to eliminate the diversion of

drugs from legitimate distribution channels to illegal street markets and harmful recreational use (*prescription drug abuse*).

The Board has six Key Performance Measures:

1) Percent of annually inspected pharmacies that are in compliance with pharmacy laws & rules
2) Percent of audited pharmacists who have completed their continuing education (CE) on time
3) Percent of pharmacies inspected annually
4) Average number of days required to complete an investigation.
5) Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent"; overall, timeliness, accuracy, helpfulness, expertise, availability of information.
6) Percent of total best practices met by the Board.

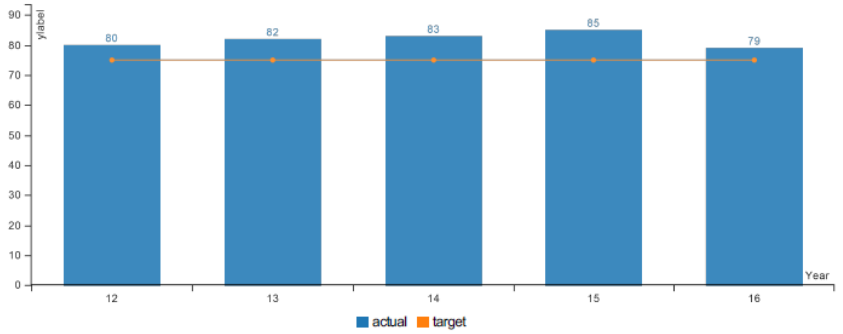


	Green	Yellow	Red
	= Target to -5%	= Target -6% to -15%	= Target > -15%
Summary Stats:	83.33%	0%	16.67%

The chart above reflects that overall, our agency targets and actual performance is very close to expected. The discrepancy reflected in red above is largely because there is no results for 2016 for KPM #2 to report. The Board transitioned to biennial licensure for pharmacists in 2015 and the CE audit completed in 2015. Had we conducted an audit in 2016, it is likely that the results would have reflected 95% or greater in compliance as in the past. The next renewal will be in 2017. Because of the change to the Annual Performance Progress Report in 2016, we tried to reflect 2015 calendar year and 2016 results to date. *We request to have the target adjusted to odd numbered years only for this measure to reflect the biennial renewal cycle.*

Four of the six measures we currently have measure the performance of the Board, measures #3-6. Measures #1-2 are dependent on the licensee's ability to comply with Agency laws and rules upon inspection or audit.

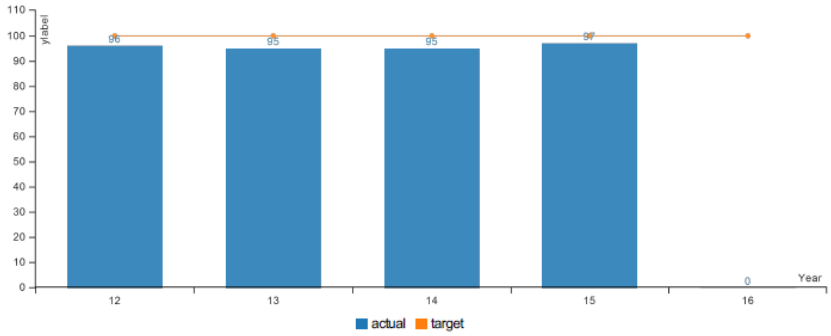
Measure #1 - Percent of inspected pharmacies that are in compliance annually.



Report Year	2012	2013	2014	2015	2016
Percentage of Pharmacies that are in compliance annually.					
Actual	80%	82%	83%	85%	79%
Target	75%	75%	75%	75%	75%

Measures #1 and #3 relate to the number of pharmacies in compliance upon inspection and the number of pharmacies inspected annually. The Board Inspectors utilize an annually updated Pharmacy Self Inspection report as a tool for inspections. Those pharmacies that are not in compliance upon inspection have the opportunity to correct violations of best practices within 30 days. If correction action is not completed, the Board will review violations for possible disciplinary action. The Board looks at this information throughout the year as a regular activity of Compliance Review at each Board meeting. Board staff uses this information to assist with workload balancing and to measure our progress towards achieving key performance measures.

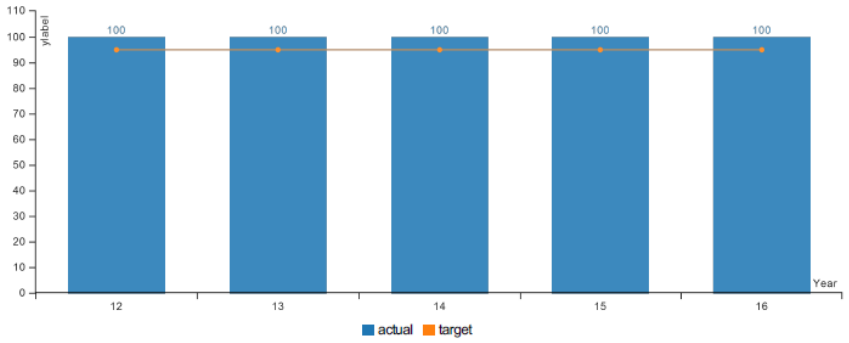
Measure #2 - Percent of audited pharmacists who complete continuing education on time.



Report Year	2012	2013	2014	2015	2016
Percentage of audited pharmacists who complete continuing education on time.					
Actual	96%	95%	95%	97%	0%
Target	100%	100%	100%	100%	100%

Measure #2 is determined figured based on the completion of the pharmacist continuing education (CE) audit. Pharmacists did or did not complete CE on time and attest honestly, when they renewed their license. The Board expects this to be 100%, but there are always people that do not complete the requirement it on time; or are from another state that is on a different schedule and they miss it. The Board updated the CE requirements to match the biennial licensure cycle and moved the due date to the expiration date of the license rather than the early renewal date. The Board hopes that makes a difference in compliance upon renewal in 2017.

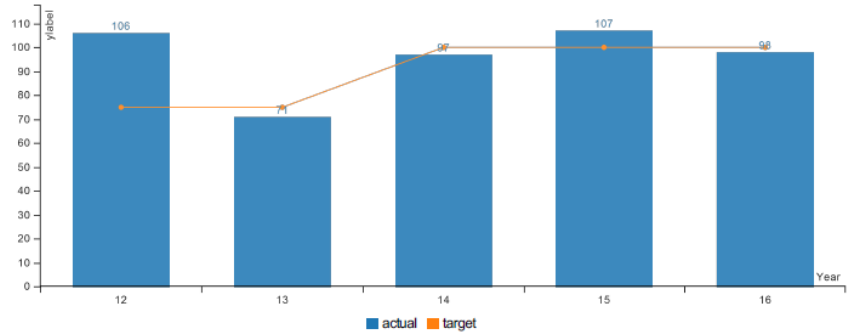
Measure #3 - Percent of pharmacies inspected annually



Report Year	2012	2013	2014	2015	2016
Percent of pharmacies inspected annually					
Actual	100%	100%	100%	100%	100%
Target	95%	95%	95%	95%	95%

Measure #3 - The Board strives to complete 100% of retail and institutional pharmacy inspections in Oregon annually; we have reached 100% annually since 2011. Board staff reports progress on the number or percent of pharmacies inspected at each Board meeting.

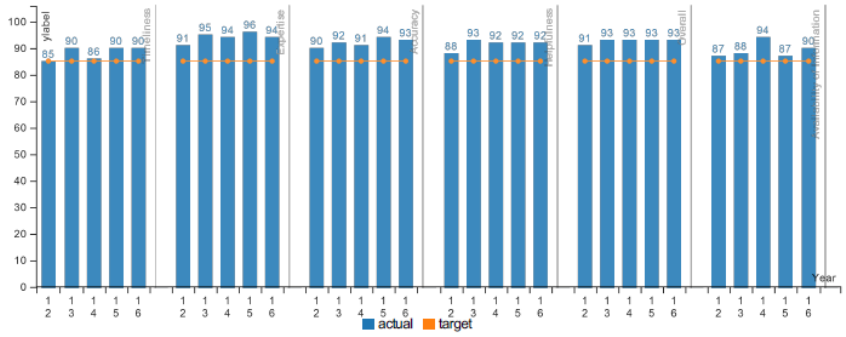
Measure #4 - Average number of days to complete an investigation from complaint to board presentation.



Report Year	2012	2013	2014	2015	2016
Number of days to process complete investigation from complaint to Board presentation.					
Actual	106	71	97	107	98
Target	75	75	100	100	100

Measure #4 - Board staff work diligently to complete investigations from complaint to board presentation within the target of 100 days. The statutory guideline in ORS 676.165(4) allows up to 120 days or an extension be documented. Depending on the complexity of cases, this number will vary from year to year. Board staff use the information regularly and report cases that will exceed the 120 days to request and account for needed extensions.

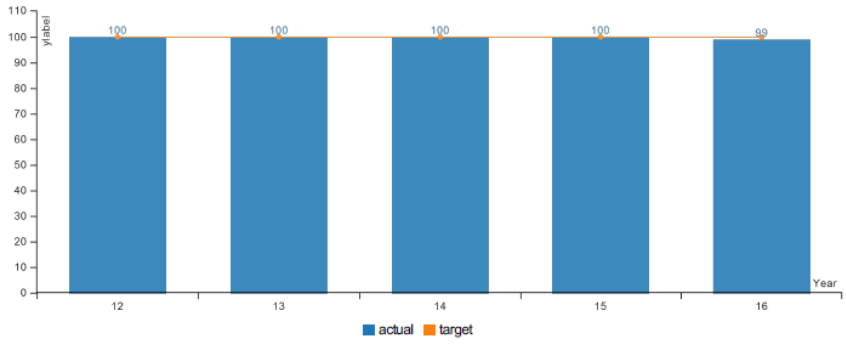
Measure #5 – Customer Service – Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": Overall customer service, timeliness, accuracy, helpfulness, expertise, and availability of information.



Report Year	2012	2013	2014	2015	2016
Timeliness					
Actual	85%	90%	86%	90%	90%
Target	85%	85%	85%	85%	85%
Expertise					
Actual	91%	95%	94%	96%	94%
Target	85%	85%	85%	85%	85%
Accuracy					
Actual	90%	92%	91%	94%	93%
Target	85%	85%	85%	85%	85%
Helpfulness					
Actual	88%	93%	92%	92%	92%
Target	85%	85%	85%	85%	85%
Overall					
Actual	91%	93%	93%	93%	93%
Target	85%	85%	85%	85%	85%
Availability of Information					
Actual	87%	88%	94%	87%	90%
Target	85%	85%	85%	85%	85%

Measure #5 – The Board continues to exceed the target of 85% for all customers rating the service as "good" or "excellent". The data reported in 2016 was for calendar year 2015. Overall, we have a combined rating of 92% with some variations within the attributes. We review this information monthly and evaluate how we can improve service regularly.

Measure #6 - Percent of total best practices met by the Board.



Report Year	2012	2013	2014	2015	2016
Is the Board following Best Practices?					
Actual	100%	100%	100%	100%	99%
Target	100%	100%	100%	100%	100%

Measure #6 – The Board annually reviews the list of best practices. Staff regularly reports to the Board on many of the best practice items and/or the Board reviews materials throughout the year. With the addition of two new members this year, there were some questions about what some of the best practices are and what that means to them.

Over all, the 2016 report continues to reflect the Agency is meeting or exceeding all Key Performance Targets. The Board serves its licensees and the people of Oregon. A complete copy of the 2016 Annual Performance Progress Report that reflects 2015 and 2016 data is available in the Governor's Budget Binder starting at page 88 or on the Board's website at www.pharmacy.state.or.us on the About Us page.

2017-19 Program Priorities

The Agency is budgeted as one Program Unit. For management efficiency, we have broken out the key areas of agency function, which include:

- Operations and Administration
- Licensing
- Compliance
- Board member activities
- Interagency activities

All areas are by their nature intricately connected and required to accomplish the statutory mission of the agency.

To Achieve the Agency's Mission and Deliver Services to Oregonians

Agency staff engages is a variety of ongoing operational responsibilities to achieve the Agency's mission and deliver regulatory services to Oregonians. The 2017-19 Governor's Budget supports these activities adequately based on current projections. These operational responsibilities and services include:

- Efficient management of office and agency
- Efficient processing of examinations & licenses
- Perform regular pharmacy inspections
- Provide responsive research, information & assistance services
- Provide effective regulatory efforts
- Provide responsive consumer & other stakeholder services

Boards of pharmacy, unlike other health regulatory boards, are required to interface and interact with many other state and federal regulatory agencies including:

- U.S. Food and Drug Administration (FDA), with federal authority over prescription, and non-prescription drugs and devices
- U.S. Drug Enforcement Administration (DEA), with federal authority over controlled substances
- State health regulatory Boards for every discipline with the authority to prescribe, dispense, administer or possess drugs and devices.

Boards of pharmacy also uniquely differ from other health regulatory Boards in that they:

- regulate the licensed professional individual; and

- regulate the quality, distribution, and commerce of products and services and register the various types of drug outlets.

This dual role creates a variety of unique circumstances affecting pharmacy boards which are not shared by the other health regulatory Boards.

Major budget drivers, budget risks, and environmental factors

Agency costs are primarily reflected in staff payroll. Ongoing expenses for "services and supplies" are inherent and tend to not fluctuate significantly. The top three budget drivers reflected in the Agencies 2017-19 budget are:

Staffing is the largest single expenditure since what the agency does involves people working with people, licensing, investigations and outreach.

Data Processing & Telecommunications is the second biggest expenditure for the 2017-19 budget, as it includes a policy option package the agency is requesting to carry over from the 2015-17 to implement a business upgrade we have been working with the state Chief Information Office to move forward.

Attorney General is the third largest expenditure. This is due in part to the large number of hearing requests we receive associated with notification of Board discipline and the changing practice of pharmacy within the state or nationally.

Environmental Factors

Current environmental factors include the transition and training of a new Compliance Director and staff vacancy to be filled and trained, expanding automation and technology in drug distribution, Implementation of regulating practitioner dispensing, increasing complexity and scope of investigations, changing pharmacist and pharmacy technician roles and challenges to drug supply security and integrity.

Administrative initiatives and projects such as budget preparation, document security and move to electronic documents, business continuity, workforce data and cultural competence are some of the many activities that consume an increasing portion of staff time.

Legislative mandates utilize an increasing portion of staff time. Such Legislative mandates include revising rules for Naloxone dispensing, pharmacist prescribing contraceptives, immunization changes, public health emergencies, bio similar and Health Professionals Service Program, among others.

Prescription drug abuse or overutilization requires an increasing amount of staff time. Staff investigates illegal Internet drug distribution, local fraudulent prescription scams and diversion and theft of controlled substances from pharmacies. Many drug related issues such as these are also covered by the news media and requests for information, interviews and statements from Board members and staff are common. Other issues such as Drug Take Back, multiple Naloxone Taskforces, the Opioid Prescribing Taskforce to address opioid abuse and addiction continue to place significant pressure on state and local resources. Pharmacists are uniquely positioned to have a positive impact in reducing opioid abuse by utilizing the Oregon Prescription Drug Monitoring Program (PDMP) and communicating with health care providers.

2017-19 Budget

The Board's 2017-19 proposed budget includes an Other Fund expenditure limitation request of **$7,530,291**, a 6.71% increase over the 2015-17 Legislatively Adopted Budget.

The following packages support the agencies activities and provide opportunities for a business upgrade for our database & improved customer service, implementation of an academic fellowship and an adjustment for board member per diem resources with the addition of two new members in 2016.

2017-19 Essential Packages include package 022 that phases out the 2015-17 Legislatively Adopted Budget (LAB) policy package for a business upgrade for the agency database. We are requesting to carry-over this funding in policy package 100 because we are in the progress of moving this project forward with the State Chief Information Officer's (CIO) office.

2017-19 Policy Packages

Package #100 MyLicense Business Upgrade

The purpose of this package is to carry-over the 2015-17 LAB approved funding into the new biennium to complete the upgrade the Agency's Licensing and Compliance database and enhance online e-government opportunities for applicants and licensees, as well as improve the online Licensee Look Up & Verification system. This upgrade will enhance the Boards current database that was implemented in 2003. This proposed change will shift to a more advanced web-based platform and increase options for expansion and configuration. This proposal includes adding two suites that will eliminate the need for additional hybrid systems for online renewals and license verifications to be created and maintained external to the database. The upgrade will also allow us to configure online applications, applicants will be able to check the status of their license applications online and licensees will be able to renew and make changes to their home address, telephone, email or employer changes. None of this is possible today with our existing program. This package, reviewed by the CIO's office, is recommended for approval with a 16% or $49,489 of additional resources to ensure the necessary funding over the 2015 request is in place for this project. Note, the Board received a unique one time civil penalty in July 2014 that will more than cover the expenses associated with this policy package. This will allow us to upgrade our systems with no additional cost to our licensees. The existing database is fourteen years old and the current platform is nearing end of life and no longer supported. The risk of failing to move forward to a modern platform will result in growing inefficiency and the lack of ability to meet licensee and stakeholder needs and expectations. The total cost of this package is **$351,989**.

Package #101 Shared Academic & Regulatory Fellowship Program for Post-Graduate Learners

The purpose of this package is to establish funding to pay for an ongoing, shared academic & regulatory fellowship program for post-graduate learners. This program would be coordinated though a contract or grant with Pacific University School of Pharmacy (PUSOP) and the Oregon Board of Pharmacy (OBOP). This package includes resources to help cover half of expenses associated with this program.

There is an insufficient pipeline of appropriately educated professionals who can teach and practice Social and Administrative Sciences (i.e. legal and regulatory affairs) in academic pharmacy or work in a state regulatory agency. There are no known programs combining training in academia with experience in state regulatory affairs. There are currently only three post-graduate programs in the US which provide training in federal regulatory affairs and drug development, with or without academic training (FDA/Purdue University; UNC Chapel Hill/GlaxoSmithKline; VCU/American College of Clinical Pharmacy). These programs focus on regulation at drug manufactures, rather than this proposed program that focuses on the State and public interface.

This Fellowship will be the first of its kind and establishes a one-year program designed to transition the fellow from a general practitioner to a regulatory pharmaceutical specialist and clinical educator. Upon successful completion of the PUSOP-OBOP Fellowship, graduates will be on track to pursue careers in: 1) Regulatory oversight services at a State Board of Pharmacy, and 2) Academic/faculty positions that involve pharmacy practice, the tripartite mission of didactic and experiential teaching responsibilities, scholarship, and school service, as well as preceptor development opportunities. The fellowship gives participants the unique opportunity to experience careers in the areas of government and academia, thereby qualifying graduates to pursue career opportunities in these respective areas.

Should funding not be secured for this package, the training program will not be initiated. The State's academic pharmacy programs will continue have a shortage of qualified, experienced Social and Administrative Sciences professors or a pool of future, trained regulators that might be interested in state service.

The total cost of this package is **$69,260** and if successful, this will be a reoccurring budget item with associated inflation costs.

Package #102 Board Member Per-diem

The purpose of this package is to fund two new pharmacy technician board member positions that were added in 2015 and increase the compensation of the volunteer members of the Board, which will improve Board performance through increased recruitment, retention and Board diversity. Vacancies on the Board can slow or even prevent the Board from performing its regulatory duties. Increasing the per diem will give greater opportunities for individuals to serve on the Board from broader socio-economic statuses. In June 2016, the Board reviewed its daily per diem policy and voted to pursue rulemaking pursuant to ORS 689.115(4) to increase the daily per diem from $30 to $100. Board Members unanimously agreed that it was important to address the growing diversity in the membership on our Board, which is not always employer supported, as well as the amount of time required to participate in preparing for and attending Board meetings and related activities. The need for retention of Board members is important to address at this time. Should funding not be secured for this package, the per-diem amount will remain at its current $30.00 level and the Board may experience a lack of representative and engaged volunteer Board members with the consequent harm to the public mission of the Agency. The projected cost for this package is **$11,819** to incorporate the additional members within the agency budget for daily per diem and the rate increase for all members upon permanent rulemaking if legislatively approved.

Major Changes in the Last 6 Years

Longtime Executive Director Gary Schnabel retired in late 2013 and a new executive director, Marcus Watt was hired for the position in early 2014.

Longtime Compliance Director Gary Miner retired January 2017 and a new director, Brianne Efremoff has started in this position. Brianne promoted into this position, which left a vacancy in one of our Compliance Investigator/Inspector positions to fill and train.

Implemented legislatively approved Licensing Department Supervisor position.

Finished implementing all of its "people" licenses from annual licensure to biennial licensure in 2016.

Implemented 2015 OR legislation and rules allowing pharmacist to prescribe contraception and remove barriers to access throughout the state. Oregon is the first state to implement pharmacist prescriptive authority for contraceptives and we have received national attention and inquiry.

Federal regulations that influence the work of the OBOP and its licensees continue to force change. One of the most significant current FDA activities relates to the Drug Quality Safety Act (DQSA) which includes pharmacy compounding and the Drug Supply Chain Security Act (DSCSA) related to "Track & Trace" The Board is expected to understand and facilitate compliance with FDA regulations as they establish their guidance on these subjects. The Board has to write rules and re-evaluate the ways that we regulate certain licensees. This is ongoing and will likely require additional rulemaking through 2023, as there is a lengthy federal roll-out related to this topic.

The Board participates in the Health Professionals Service Program (HPSP) for impaired professionals. 2016 legislation shifts operational management from Oregon Health Authority to a Work Group of Health Boards effective July 1, 2017. This change is expected to result in operational savings for each of the Boards participating. The Board continues to monitor these individuals through probation agreements.

The Board amended or adopted 40 rules in 2016 in response to legislative action, review and streamlining efforts or needed updating.

The reinstatement of the Pharmacist Consultant position in 2013-2015 this continues to have a significant effect on the Boards ability to work proactively to identify and address issues that affect it. Board staff is now able to react to evolving issues more quickly and develop strategies to address them more efficiently as well as more efficiently coordinate outreach efforts, which included 25 in 2015 and 28 in 2016.

Process Changes for Efficiency

Examples of changes the Board has implemented in the past few years to save resources and create efficiency include:

- Completed the process of moving all "people" licenses to biennial licensure in 2016 as projected. This resulted in a 30% reduction in license renewals last year and approximately $7500 savings associated with printing and mailing costs. Staff time was filled with activities previously completed by temporary staff during high renewal volume and changing process throughout the year. Licensing staff saw an increase in questions associated with several of the changing licensing categories due to rulemaking and general increases in volume. Staff is doing more fact checking for verification and requirements for specific credentials (education, training, and other licensure) to determine the accuracy of the qualifications of individuals and facilities. Over the next two years, the Board will better realize the savings associated with the transition for all people to biennial licensure.
- In the process of streamlining and simplifying pharmacist licensure to improve customer service and faster processing time.
- Continue to move towards paperless operations and record storage.
- Adoption of the electronic fingerprint system developed at the direction of the Legislature.
- Continued focus on succession planning within the agency.
- Cross-training of some staff continues to allow for better resource allocation.
- Increased use of the Board's website to provide self-inspection forms that were previously printed and mailed annually.
- Flat-rate agreement with the Department of Justice.
- Move human resource functions to the Department of Administrative Services (DAS), Enterprise Human Resource Services (EHRS)
- Move to online banking.
- For more efficient orientation of new employees, complete and detailed desk manuals have been created for key positions.
- Implemented more categories for online license renewals for interns, non-prescription drug outlets as well as retail and institutional drug outlets.
- Revision of Board meeting dates to better utilize staff time and meeting coordination efforts.
- The Board continues to conduct most of the Board's meetings in Portland, rather than in locations around the state in order to keep travel expenses down.
- The Board continues to limit the use of a facilitator for strategic planning to control costs.
- Executive Director took time to evaluate other health board's board meetings to glean efficiencies.
- Executive Director or designee meets monthly with other Health Professional Regulatory Boards to foster interagency communication, eliminate duplication and share resources.
- Streamlined investigative case report development and presentations for the Board.

Summary of Proposed Legislation

The following are 2017 proposed legislation that may impact the agency or have a budgetary impact.

HB 2397 – Changes name of Public Health Advisory Committee to Public Health and Pharmacy Formulary Advisory Committee. Limits term of committee members to two years. Directs State Board of Pharmacy to establish by rule formulary of drugs and devices that pharmacists may prescribe and dispense to patients under specified conditions. Directs committee to recommend drugs and devices for inclusion on formulary. This bill changes the name and formally establishes a new committee within the Board of Pharmacy. This work has been focused on immunizations in the past and the work has been done through a committee at the Oregon Health Authority Department of Public Health. As a result, we anticipate a significant fiscal for this change in scope of practice.

HB 2128 - Deletes requirement that pseudoephedrine be classified as Schedule III controlled substance. Directs State Board of Pharmacy to adopt rules for dispensing pseudoephedrine. Requires rules to be consistent with provisions of federal Controlled Substances Act that are related to dispensing of pseudoephedrine and federal regulations that implement those provisions. Punishes violation of rules by five years' imprisonment, $125,000 fine, or both. Becomes operative January 1, 2018.
Takes effect on 91st day following adjournment sine die. The cost associated with this legislation has yet to be calculated, however rulemaking expenditures and a minimal fiscal is anticipated.

HB 2394 - Allows participating health profession licensing boards to refer to impaired health professional program for monitoring licensees who have been convicted of certain alcohol- or drug-related crimes. Includes for purposes of definition of "impaired health professional" physical health conditions deemed appropriate for inclusion in program by Oregon Health Authority. Declares emergency, effective July 1, 2017. A fiscal has not been completed for this bill yet and it is unclear what the fiscal impact will be at this time.

HB 2395 - Directs State Board of Pharmacy to adopt rules related to prescription drug labels. Declares emergency, effective on passage. The cost associated with this legislation has yet to be calculated, however rulemaking expenditures will be needed. A minimal fiscal is anticipated.

HB 2527 - Allows pharmacists to prescribe and dispense self-administered hormonal contraceptives. Defines "self-administered hormonal contraceptive." Declares emergency, effective on passage. The cost associated with this legislation has yet to be calculated, however rulemaking expenditures and outreach are anticipated. A minimal fiscal is anticipated.

HB 2645 Directs each manufacturer of certain types of drugs that are sold within this state to develop and implement drug take-back program for purpose of collecting from individuals and nonbusiness entities those types of drugs for disposal. Directs State Board of Pharmacy to administer Act. Requires manufacturers subject to Act to first submit plan for developing and implementing drug take-back program on or before December 31, 2018. Becomes operative January 1, 2018. Takes effect on 91st

day following adjournment sine die. The cost associated with this legislation has yet to be calculated, however the impact is significant and we would assume needing 4-5 new positions to start up this program in the first biennium and at least 2 to maintain the program after that. We are working with stakeholders to reduce the fiscal impact and move the primary work to DEQ. Assuming that happens, the Board's fiscal impact will be minimized.

Reduction options in Governor's budget

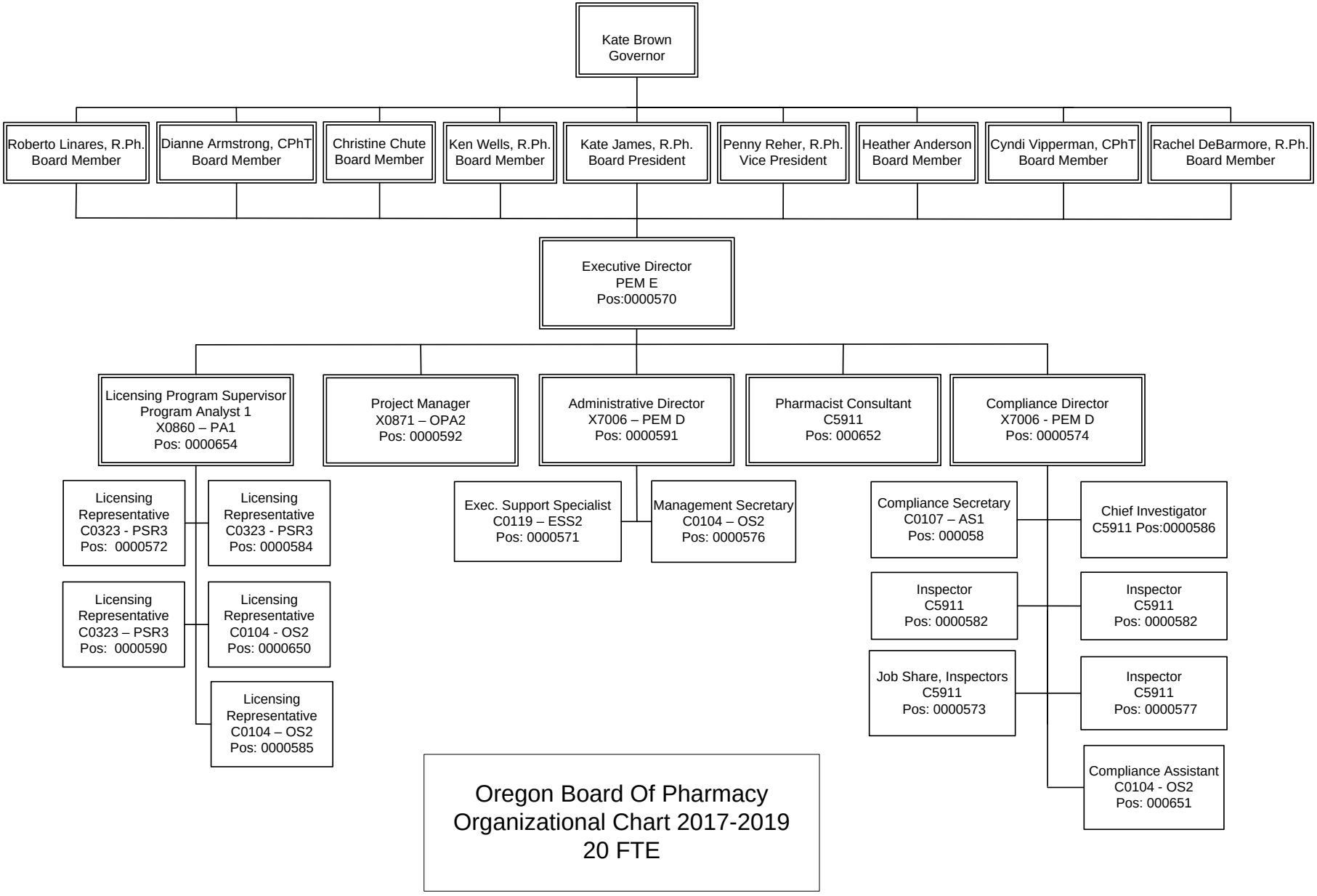
The Governor's budget does not include any reduction options.

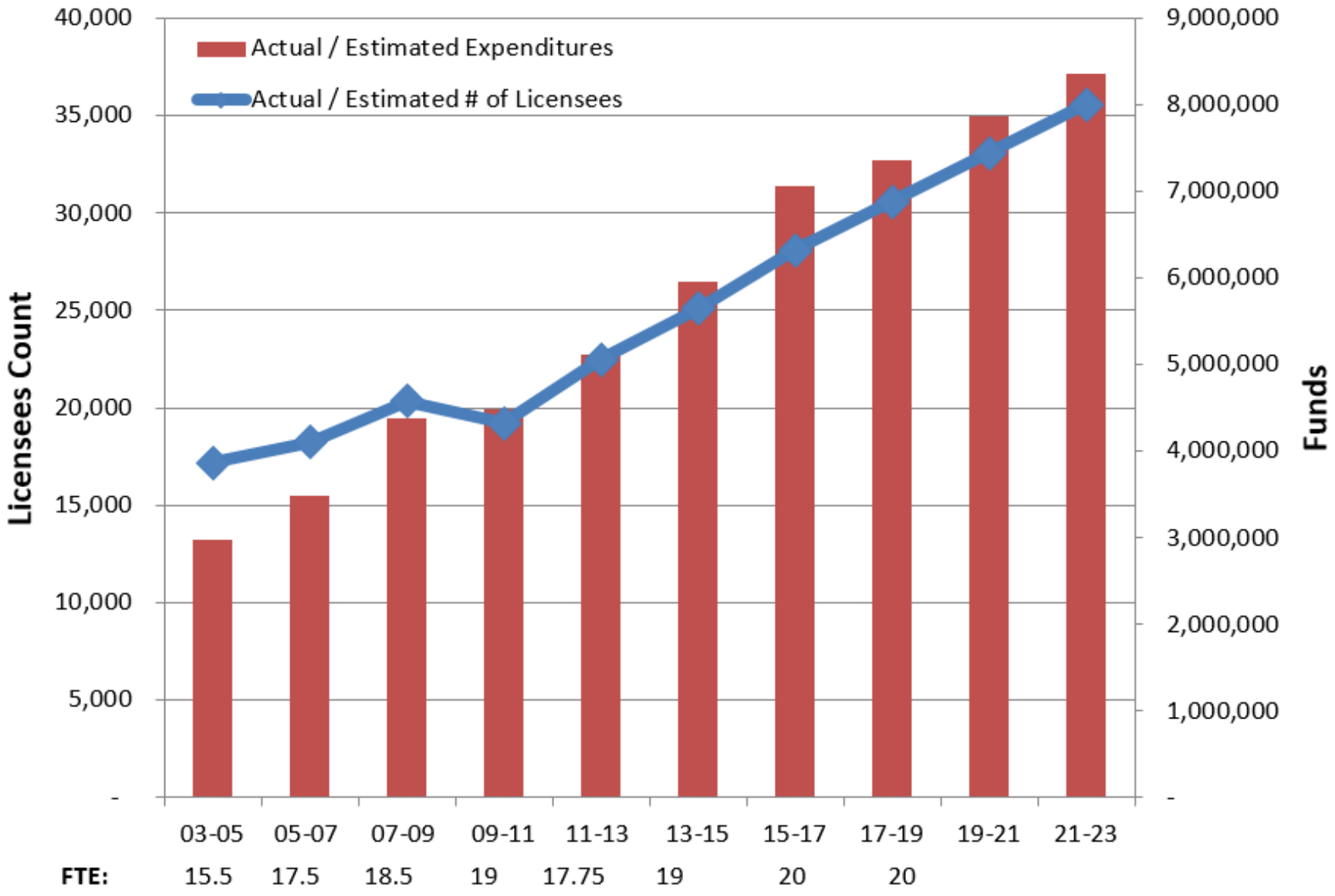
Ending Balance

Assuming the Governor's Budget is approved; the Board will have a 5.67-month ending balance at the end of 2017-19 or $1,778,123. This figure is $948,493 less than the projected ending balance at the Agency's Budget Hearing presentation in 2015. This reflects the Board's efforts to reduce the ending balance as requested.

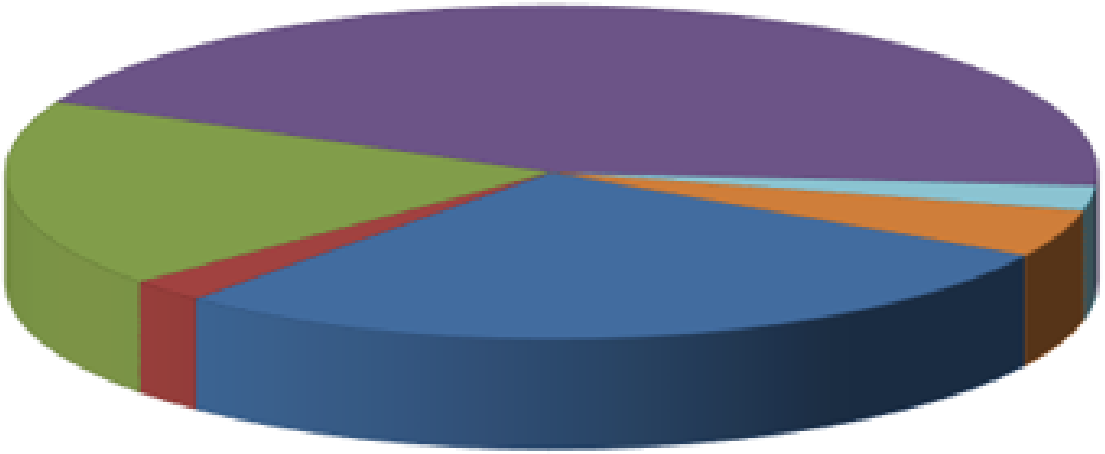
Note: The 2013-15 Legislatively Adopted Budget included a temporary reduction of fees that had been approved and implemented in 2011-13. The Board implemented fee reductions beginning in May of 2013 to further reduce the impact of a growing ending balance and has continued those through 2015-17. The move to biennial licensure combined with not changing the license fee will also help reduce the ending balance as previously noted. The Board proposes to continue these temporary fee reductions into the 2017-19 biennial budget and anticipates reevaluating all licensing fees to propose adjusted fees as part of the 2019-21 budget proposal.

APPENDIX


Kate Brown
Governor
Roberto Linares, R.Ph.
Board Member
Dianne Armstrong, CPhT
Board Member
Christine Chute
Board Member
Ken Wells, R.Ph.
Board Member
Kate James, R.Ph.
Board President
Penny Reher, R.Ph.
Vice President
Heather Anderson
Board Member
Cyndi Vipperman, CPhT
Board Member
Rachel DeBarmore, R.Ph.
Board Member
Executive Director
PEM E
Pos:0000570
Licensing Program Supervisor
Program Analyst 1
X0860 – PA1
Pos: 0000654
Project Manager
X0871 – OPA2
Pos: 0000592
Administrative Director
X7006 – PEM D
Pos: 0000591
Pharmacist Consultant
C5911
Pos: 000652
Compliance Director
X7006 - PEM D
Pos: 0000574
Licensing
Representative
C0323 - PSR3
Pos: 0000572
Licensing
Representative
C0323 - PSR3
Pos: 0000584
Licensing
Representative
C0323 – PSR3
Pos: 0000590
Licensing
Representative
C0104 - OS2
Pos: 0000650
Licensing
Representative
C0104 – OS2
Pos: 0000585
Exec. Support Specialist
C0119 – ESS2
Pos: 0000571
Management Secretary
C0104 – OS2
Pos: 0000576
Compliance Secretary
C0107 – AS1
Pos: 000058
Chief Investigator
C5911 Pos:0000586
Inspector
C5911
Pos: 0000582
Inspector
C5911
Pos: 0000582
Job Share, Inspectors
C5911
Pos: 0000573
Inspector
C5911
Pos: 0000577
Compliance Assistant
C0104 - OS2
Pos: 000651
Oregon Board Of Pharmacy
Organizational Chart 2017-2019
20 FTE


Actual / Estimated Expenditures
Actual / Estimated # of Licensees
Licensees Count
Funds
40,000
35,000
30,000
25,000
20,000
15,000
10,000
5,000
-
9,000,000
8,000,000
7,000,000
6,000,000
5,000,000
4,000,000
3,000,000
2,000,000
1,000,000
-
03-05
05-07
07-09
09-11
11-13
13-15
15-17
17-19
19-21
21-23
FTE:
15.5
17.5
18.5
19
17.75
19
20
20

2017-2019 Program Allocation

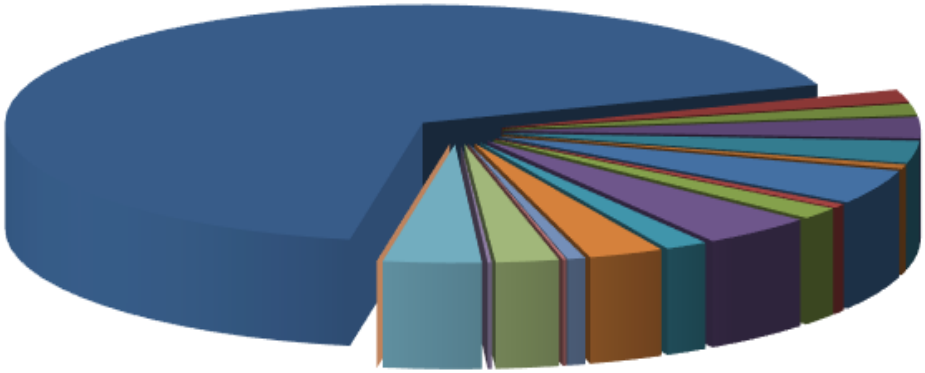


- Operations & Admin 27.9% (Includes fingerprinting $229,434 pass-thru) *
- Board Member Activities 2.3%
- Licensing 18.4%
- Compliance 44.3%
- Health Professionals Service Program (HPSP) 2.4%
- MyLicense (IT Upgrade) 4.6%

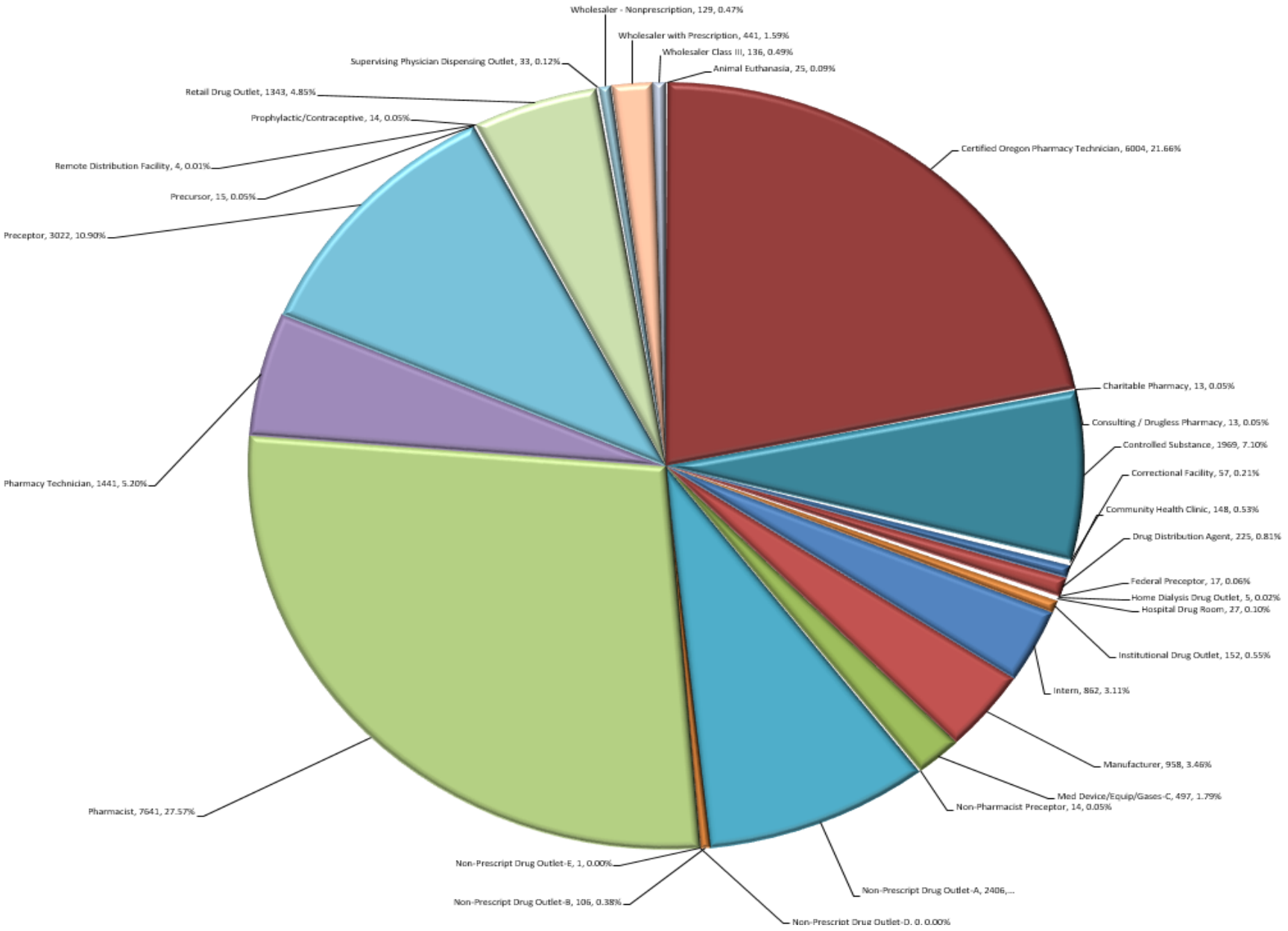
*InterAgency Activities – Payment for PMP & WDC of $409,357 are reflected in revenue as a pass through.

The budget is comprised of 67% for Personnel, 29% for Services and Supplies and 4% for Capital Outlay.

2017-2019 Expenditures by Type
$7,530,291



- Personel 66.41%
- Travel 1.73%
- Data Processing & Telecommunications 5.25%
- Prof. Services/Hearings Panel 2.87%
- Agency Program Related S & S (Fingerprinting) 3.02% *PASS THRU
- IT Expendable Property .58%
- IT Professional Services 1.07%
- Publicity & Publications .57%
- Office Expenses/Supplies (Includes Storage Fees & Postage) 1.63%
- Attorney General 4.68%
- State Government Service Charges 1.77%
- Facilities & Rent 3.06%
- Employee Training .69%
- Expendable Property .14%
- Health Professional's Service Program 2.42%
- Other Special Payments .16%
- Other Services & Supplies 3.93%
- Medical Services & Supplies .01%


Wholesaler - Nonprescription, 129, 0.47%
Wholesaler with Prescription, 441, 1.59%
Wholesaler Class III, 136, 0.49%
Animal Euthanasia, 25, 0.09%
Supervising Physician Dispensing Outlet, 33, 0.12%
Retail Drug Outlet, 1343, 4.85%
Prophylactic/Contraceptive, 14, 0.05%
Remote Distribution Facility, 4, 0.01%
Precursor, 15, 0.05%
Preceptor, 3022, 10.90%
Pharmacy Technician, 1441, 5.20%
Pharmacist, 7641, 27.57%
Non-Prescript Drug Outlet-E, 1, 0.00%
Non-Prescript Drug Outlet-B, 106, 0.38%
Non-Prescriot Drug Outlet-D, 0, 0.00%
Non-Prescript Drug Outlet-A, 2406,...
Non-Pharmacist Preceptor, 14, 0.05%
Med Device/Equip/Gases-C, 497, 1.79%
Manufacturer, 958, 3.46%
Intern, 862, 3.11%
Institutional Drug Outlet, 152, 0.55%
Hospital Drug Room, 27, 0.10%
Home Dialysis Drug Outlet, 5, 0.02%
Federal Preceptor, 17, 0.06%
Drug Distribution Agent, 225, 0.81%
Community Health Clinic, 148, 0.53%
Correctional Facility, 57, 0.21%
Controlled Substance, 1969, 7.10%
Consulting / Drugless Pharmacy, 13, 0.05%
Charitable Pharmacy, 13, 0.05%
Certified Oregon Pharmacy Technician, 6004, 21.66%

UPDATED **OTHER FUNDS ENDING BALANCES FOR THE 2015-17 & 2017-19 BIENNIA**

Agency: Board of Pharmacy
Contact Person : Karen MacLean 971-673-0005

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Other Fund Type	**Program Area (SCR)**	**Treasury Fund #/Name**	**Category/Description**	**Constitutional and/or Statutory reference**	**2015-17 Ending Balance**		**2017-19 Ending Balance**		**Comments**
					In LAB	**Revised**	**In CSL**	**Revised**	
Limited	85500-001-00-00-00000	1171 OF State Board of Pharmacy Account	Operations	ORS 689.135	2,602,812	4,249,812	1,588,493	2,121,896	Includes revised revenue from GB. Changed two large renewal categories from annual to biennial; agency needs at least 6 months working cash. $1,790,869 of addional cash needed for Governor approved POPS total $433,068, which includes a project started in 15-17 and requested to be carried over to 17-19.

4,249,812	(g)
5,035,562	Revised Revenue
(7,163,478)	CSL Expenditures
2,121,896	(i)

Objective: **Provide updated Other Funds ending balance information for potential use in the development of the 2017-19 legislatively adopted budget.**

Instructions:

Column (a): Select one of the following: Limited, Nonlimited, Capital Improvement, Capital Construction, Debt Service, or Debt Service Nonlimited.

Column (b): Select the appropriate Summary Cross Reference number and name from those included in the 2015-17 Legislatively Approved Budget. If this changed from previous structures, please note the change in Comments (Column (j)).

Column (c): Select the appropriate, statutorily established Treasury Fund name and account number where fund balance resides. If the official fund or account name is different than the commonly used reference, please include the working title of the fund or account in Column (j).

Column (d): Select one of the following: Operations, Trust Fund, Grant Fund, Investment Pool, Loan Program, or Other. If "Other", please specify. If "Operations", in Comments (Column (j)), specify the number of months the reserve covers, the methodology used to determine the reserve amount, and the minimum need for cash flow purposes.

Column (e): List the Constitutional, Federal, or Statutory references that establishes or limits the use of the funds.

Columns (f) and (h): Use the appropriate, audited amount from the 2015-17 Legislatively Approved Budget and the 2017-19 Current Service Level as of the Agency Request Budget.

Columns (g) and (i): Provide updated ending balances based on revised expenditure patterns or revenue trends. Do not include adjustments for reduction options that have been submitted unless the options have already been implemented as part of the 2015-17 General Fund approved budget or otherwise incorporated in the 2015-17 LAB. The revised column (i) can be used for the balances included in the Governor's budget if available at the time of submittal. Provide a description of revisions in Comments (Column (j)).

Column (j): **Please note any reasons for significant changes in balances previously reported during the 2015 session.**

Additional Materials: If the revised ending balances (Columns (g) or (i)) reflect a variance greater than 5% or $50,000 from the amounts included in the LAB (Columns (f) or (h)), attach supporting memo or spreadsheet to detail the revised forecast.