

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 763

81st Oregon Legislative Assembly – 2021 Regular Session
Legislative Fiscal Office

*Only Impacts on Original or Engrossed
Versions are Considered Official*

Prepared by: Tim Walker
Reviewed by: Ben Ruef
Date: 03/19/2021

Measure Description:

Provides that person may not engage in business as pharmaceutical representative without obtaining license from Director of Department of Consumer and Business Services.

Government Unit(s) Affected:

Department of Consumer and Business Services (DCBS)

Summary of Fiscal Impact:

Costs related to the measure may require budgetary action - See analysis.

Summary of Expenditure Impact:

	2021-23 Biennium	2023-25 Biennium
Other Funds	915,181	620,178
Total Funds	\$915,181	\$620,178
Positions	4	4
FTE	4.00	4.00

Analysis: This measure establishes a regulatory program for pharmaceutical representatives and requires representatives to obtain a license from the Department of Consumer and Business Services (DCBS) if they engage in certain activities with a health care provider for compensation. The bill defines “Health Care Provider” (HCP) and “compensation” for purposes of the bill.

Specified activities that would require a pharmaceutical representative to obtain a license include:

- Marketing or sales presentations;
- Negotiating pricing and terms and conditions for the sale of pharmaceutical product;
- Selling or offering pharmaceutical product for sale;
- Acting as a consultant or providing a service regarding a pharmaceutical product;
- Giving advice or opinion about pharmaceutical product;
- Providing information about pharmaceutical product; or
- Other activities DCBS specifies by administrative rule.

The measure directs DCBS to set application and renewal fees by administrative rule. The bill caps the application fee at \$750. IN addition, the measure requires licensees to submit an annual report by November 1 of each year to DCBS and the report should include:

- the number of HCP’s contacted or interact with for marketing and selling;
- The specialties or areas of practice of the HCP’s;
- The method, location, and duration of the contact or interaction;
- The specific pharmaceutical products marketed, sold, or offered; and
- The value of provided samples, gifts, consideration, or inducements.

DCBS will need to develop an examination to test applicants' qualifications and DCBS anticipates using an open competitive solicitation to select a vendor to administer examination. The cost of the examination would be negotiated with the contractor and, in general, examinations fees range from \$45 to \$55 per examination. This fiscal impact does not include an estimate of these examination fees.

The measure would also require substantive information technology (IT) work to modify existing systems to track enforcement actions, capture complaints, accept annual reports, and develop reports and analyze data. It is estimated that project implementation costs would be \$348,250 Other Funds and ongoing software licenses and maintenance would cost \$10,650 per year.

DCBS would need one Program Analyst 3 (1.00 FTE) for program oversight, assist with rulemaking, develop examinations, contract administration, outreach and consumer education, complaint resolution, and analysis of annual licensee reports. One Information Systems Specialist 6 (1.00 FTE) to manage, develop reports, training, and troubleshoot the IT environment. Two Office Specialist 2 (2.00 FTE) to process new applications and annual renewals, coordinate continuing education courses, customer service, and assist pharmaceutical representatives with annual report submissions.

This measure requires a subsequent referral to the Joint Committee on Ways and Means for the establishment of a new Other Funds program and position establishment.