

SB 763 B BUDGET REPORT and MEASURE SUMMARY

Carrier: Sen. Patterson

Joint Committee On Ways and Means

Action Date: 06/16/21

Action: Do pass with amendments to the A-Eng bill. (Printed B-Eng.)

Senate Vote

Yeas: 8 - Anderson, Frederick, Golden, Gorsek, Knopp, Lieber, Steiner Hayward, Taylor

Nays: 4 - Girod, Hansell, Johnson, Thomsen

House Vote

Yeas: 6 - Gomberg, McLain, Nosse, Rayfield, Sanchez, Sollman

Nays: 3 - Bynum, Leif, Stark

Exc: 2 - Drazan, Smith G

Prepared By: Patrick Heath, Department of Administrative Services

Reviewed By: Ben Ruef, Legislative Fiscal Office

Department of Consumer and Business Services

2021-23

Budget Summary*

| | 2019-21 | 2021 - 23 | 2021-23 | Committee Change from 2019-21 | |
|-------------|--|-----------------------|--------------------------|---|----------|
| | Legislatively Approved Budget ⁽¹⁾ | Current Service Level | Committee Recommendation | Committee Change from 2019-21 Leg. Approved | |
| | | | | \$ Change | % Change |
| Other Funds | \$ - | \$ - | \$ 698,944 | \$ 698,944 | 100.0% |
| Total | \$ - | \$ - | \$ 698,944 | \$ 698,944 | 100.0% |

Position Summary

| | | | | | |
|--------------------------------------|------|------|------|------|--|
| Authorized Positions | 0 | 0 | 2 | 2 | |
| Full-time Equivalent (FTE) positions | 0.00 | 0.00 | 2.00 | 2.00 | |

⁽¹⁾ Includes adjustments through January 2021

* Excludes Capital Construction expenditures

Summary of Revenue Changes

Senate Bill 763 creates a new licensing and regulatory program for pharmaceutical representatives within the Department of Consumer and Business Services (DCBS). DCBS will recover the cost of regulating pharmaceutical representatives with application and renewal fees set by administrative rule; SB 763 caps the application fee at \$750. DCBS estimates approximately 1,900 pharmaceutical representatives will be required by SB 763 to obtain a license. DCBS would borrow internally from the Consumer and Business Services fund to pay for the start-up costs of the new program. The fees DCBS sets for 2021-23 will include the reimbursement of program start-up costs and interest.

The bill also allows DCBS to impose civil penalties for violations of between \$1,000 and \$3,000 per violation.

Summary of Human Services Subcommittee Action

SB 763 establishes a licensing and regulatory program for pharmaceutical representatives within DCBS. Pharmaceutical representatives would need to obtain a license if they engaged in marketing or sales presentations, negotiating pricing and terms and conditions for the sale of pharmaceutical product, selling, or offering pharmaceutical product for sale, among other activities. Licensees must submit annual reports to DCBS and take continuing education to maintain their licenses. SB 763 requires DCBS to submit an annual report to the legislature based on the information provided by licensees each year.

The Human Services Subcommittee recommended \$698,944 Other Funds expenditure limitation and the establishment of two permanent, full-time positions (2.00 FTE) to administer the licensing program. The positions include one Information Systems Specialist 6 (1.00 FTE) to develop reports, training, and troubleshoot the IT environment, and one Office Specialist 2 (1.00 FTE) to process new applications and annual renewals, coordinate continuing education courses, customer service, and assist pharmaceutical representatives with annual report submissions.

Services and supplies associated with the new positions are \$26,487 in 2021-23, including \$5,380 in one-time costs for equipment for the new positions. The bill requires DCBS to modify its existing IT systems to track enforcement actions, capture complaints, accept annual reports, and develop reports and analyze data. This one-time project work will cost \$361,900 Other Funds in 2021-23; ongoing software licenses and maintenance will cost \$21,300 per biennium in 2021-23 and into future biennia. Other services and supplies costs needed to implement the bill include \$26,738 for facilities rent, \$7,230 for Attorney General charges, and \$5,000 for printed materials related to the program.

DCBS will need to develop an examination to test applicants' qualifications. DCBS anticipates using an open competitive solicitation to select a vendor to administer the examination. Examination fees generally range from \$45 to \$55 per examination. The Subcommittee recommended budget adjustment does not include the cost of examination fees.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Department of Consumer and Business Services
 Patrick Heath - 503-983-8670

| DESCRIPTION | GENERAL FUND | LOTTERY FUNDS | OTHER FUNDS | | FEDERAL FUNDS | | TOTAL ALL FUNDS | POS | FTE |
|---|--------------|---------------|-------------|------------|---------------|------------|-----------------|-----|------|
| | | | LIMITED | NONLIMITED | LIMITED | NONLIMITED | | | |
| <u>SUBCOMMITTEE ADJUSTMENTS (from CSL)</u> | | | | | | | | | |
| Department of Consumer and Business Services | | | | | | | | | |
| SCR 017 - Central Services Division | | | | | | | | | |
| Personal Services | \$ - | \$ - | \$ 164,999 | \$ - | \$ - | \$ - | \$ 164,999 | 1 | 1.00 |
| Services and Supplies | \$ - | \$ - | \$ 17,620 | \$ - | \$ - | \$ - | \$ 17,620 | | |
| SCR 018 - Division of Financial Regulation | | | | | | | | | |
| Personal Services | \$ - | \$ - | \$ 85,290 | \$ - | \$ - | \$ - | \$ 85,290 | 1 | 1.00 |
| Services and Supplies | \$ - | \$ - | \$ 431,035 | \$ - | \$ - | \$ - | \$ 431,035 | | |
| TOTAL ADJUSTMENTS | \$ - | \$ - | \$ 698,944 | \$ - | \$ - | \$ - | \$ 698,944 | 2 | 2.00 |
| SUBCOMMITTEE RECOMMENDATION | \$ - | \$ - | \$ 698,944 | \$ - | \$ - | \$ - | \$ 698,944 | 2 | 2.00 |