

## 2025-27 Budget Review

### Board of Pharmacy

	2021-23 Actual	2023-25 Legislatively Approved *	2025-27 Current Service Level	2025-27 Governor's Budget
Other Funds	9,086,439	11,391,000	12,594,688	14,210,412
<b>Total Funds</b>	<b>9,086,439</b>	<b>11,391,000</b>	<b>12,594,688</b>	<b>14,210,412</b>
Positions	22	24	24	24
FTE	22.00	23.63	24.00	24.00

\* Includes legislative and administrative actions through December 2024.

### PROGRAM DESCRIPTION

The mission of the Oregon Board of Pharmacy (OBOP) is to protect 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. The Board regulates the practice of pharmacy as well as the quality, commerce, and distribution of drugs within and into Oregon. The agency is responsible for the licensure of individuals (pharmacists, pharmacy technicians, and pharmacy interns, preceptors) by examination or through reciprocity with other states. The agency is also responsible for the registration and inspection of hospital and retail pharmacies, drug wholesalers and manufacturers, over-the-counter drug outlets, and other locations. In addition, the agency investigates drug diversion and rule violations; and regulates the quality and distribution of controlled substances, prescription, and over-the-counter drugs within the state.

The nine-member board includes five pharmacists, two pharmacy technicians, and two public members appointed by the Governor and confirmed by the Senate. In addition, a seven-member Public Health and Pharmacy Formulary Advisory Committee, established in 2018, consists of two physicians, two advanced practice nurses, and three pharmacists who are appointed by the Governor to evaluate concepts for protocols or post-diagnostic drugs and devices to recommend to the Board for adoption by rule.

The agency is supported entirely by Other Funds generated from license, registration, and examination fees from pharmacists, pharmacy technicians, pharmacy interns, as well as the licensing of various drug outlets. The remaining revenue sources are civil penalties, fines, and interest earnings. As of July 2024, the Board had 20,185 individual licensees (pharmacists, pharmacy technicians, etc.) and 10,220 registered drug outlets.

## BUDGET ENVIRONMENT

### Increased investigations

The practice of pharmacy has changed significantly in recent years. Pharmacists now have more direct patient care activities such as prescription of contraceptives and naloxone, medication therapy management, immunizations, etc. This expansion of practice also leaves pharmacy technicians involved with more production activities. Demand for pharmacy services simultaneously continues to rise with population increases, and overall population aging.

As a result of these factors, as well as continuing effects of the COVID-19 pandemic, the Board has seen a steady increase in cases. During the five-year period of 2013 to 2017, the agency averaged 594 cases each year. During the five-year period of 2018 to 2022, that number increased to an average of 841 cases per year. Cases reached an all-time high of 1,157 in 2023 (the last full year of data). The Board's Compliance Division was increased from nine to 11 staff during the 2023-25 biennium to help deal with this surge.

### Licensing outlook

The Board has seen a trend of lower license renewals in recent years. As of June 2024, the Board had a total of 20,185 individual licensees, and 10,220 drug outlets. While the number of drug outlets has increased by 170 over the past two years, the number of individual licensees has remained entirely flat, with three fewer individual licensees as compared to two years ago. Projected licensing numbers and revenues may be impacted negatively going forward with lower enrollment at pharmacy schools over the past decade, and aging in the profession.

## CURRENT SERVICE LEVEL

The 2025-27 current service level (CSL) budget for the Board is \$12.6 million Other Funds and includes 24 positions (24.00 FTE). The CSL budget is \$1.2 million, or 10.6%, more than the 2023-25 legislatively approved budget. The CSL includes standard inflation as well as additional Other Funds expenditure limitation due to increased costs of accounting services provided by the Department of Administrative Services - Shared Financial Services.

As of August 2024, the Legislative Fiscal Office estimates that at CSL, the Board has a 2025-27 ending balance of \$1.7 million, which is equivalent to 3.2 months of operating reserves. OBOP generally aims for an ending balance equivalent to six months of operational expenses due to the potential for large unanticipated legal expenses. While the license renewals are on a staggered schedule allowing for a more consistent cash flow, which may permit a lower ending balance if needed, even absent additional investments, the Board likely would need a fee increase in 2027-29.

## GOVERNOR'S BUDGET SUMMARY

The Governor's Budget for OBOP totals \$14.2 million, which is 12.8% above CSL, and includes four policy option packages:

- **Licensing Fee Increase** - increases fees for most licensing types; estimated to increase revenues by \$3.5 million in the 2025-27 biennium. Fees were last increased in 2019.
- **Licensing Database Maintenance** - increases Other Funds expenditure limitation by \$1.5 million. The Board initially planned to maintain their existing licensing system, at an estimated cost of \$415,000, but after further review, are requesting to fully replace the system.
- **HPSP Ongoing Services** - increases Other Funds expenditure limitation by \$126,441 to cover the costs of continuing the Health Professional Services Program (HPSP), for licensees who have been diagnosed with substance use or mental health disorders. This program allows the Board to refer licensees for monitoring of drug testing as part of disciplinary orders.
- **Staffing Reclasses** - increases Other Funds expenditure limitation by \$48,299 to reclassify the agency's Licensing and Permitting Manager and an Operations and Policy Analyst 2 position, in line with Department of Administrative Services - Chief Human Resources Office review.

With these policy option packages, the agency's 2025-27 ending balance at Governor's Budget is estimated to be equivalent to approximately six months of operating reserves which may necessitate another fee increase during the 2027-29 biennium to maintain an adequate level of reserves.

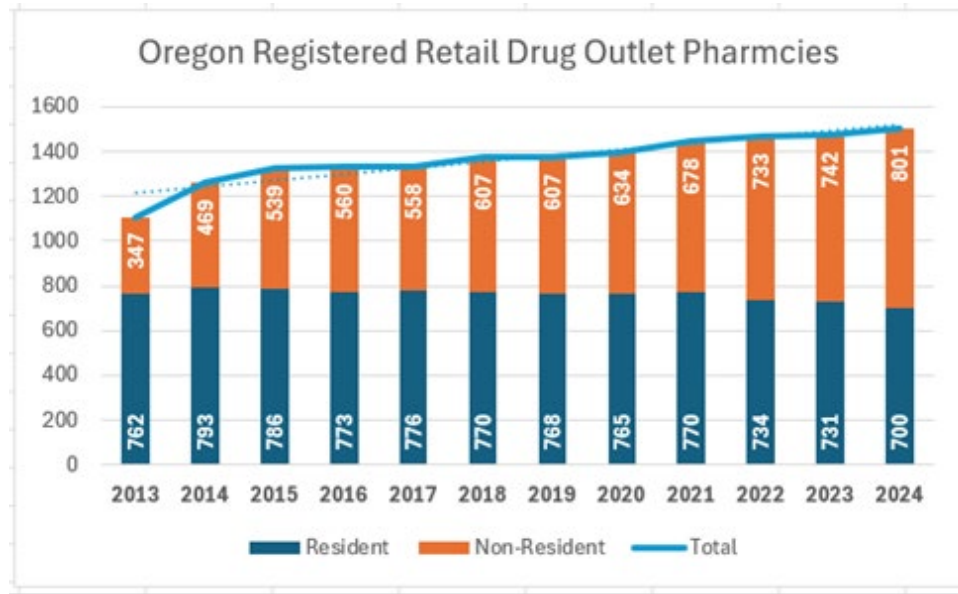
## OTHER SIGNIFICANT ISSUES

### Legislative Concepts

OBOP is proposing a legislative concept that would amend HB 4002 (2024) to generally allow pharmacists to prescribe medications for opioid use disorder. Under HB 4002, pharmacists are limited to prescribing medications for opioid use disorder only during early refills of such medications (as defined in the measure), which may put pharmacists in violation of federal Drug Enforcement Agency (DEA) regulations. Additionally, this legislative concept would remove the requirement that the Board adopt rules related to pharmacist registration with the DEA, as the Board does not have authority over DEA actions. Finally, the concept would change references to "prescription drug lockers" to "pharmacy prescription lockers" which aligns with agency rules and would refer to both on- and off-site devices for drug pickup.

### Lack of pharmacy services in Oregon

Responding to the COVID-19 pandemic, coupled with other changes to the profession, has led to burn out among pharmacists. Simultaneously, a trend of consolidation has led to fewer pharmacies. OBOP continues to receive concerns and complaints from licensees about workplace conditions related to staffing, professional practice, and patient safety, and is working to enact rules to improve pharmacy practice conditions. In 2023, 36 in-state pharmacies closed, and 31 had closed as of late 2024. These closures may have been somewhat offset by out of state pharmacies that deliver or otherwise distribute drugs in Oregon, with 59 such pharmacies registering with Board during 2024. However, closures and staff resignations at in-state institutions have impacted access to pharmacy services, which especially impacts rural areas where pharmacies may be more remote.



### Leadership turnover

The Board appointed a new Executive Director in October 2023. The director took a position with the Oregon Department of Veterans’ Affairs in September 2024. The hiring process for a new Executive Director is in progress.

### KEY PERFORMANCE MEASURES

A copy of the Oregon Board of Pharmacy Annual Performance Progress Report can be found on the LFO website: [https://www.oregonlegislature.gov/lfo/APPR/APPR\\_OBOP\\_2024-9-26.pdf](https://www.oregonlegislature.gov/lfo/APPR/APPR_OBOP_2024-9-26.pdf)

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