

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2014-15		FY 2015-16	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	1,221,210 to 1,471,210		808,270	
CASH FUNDS	4,000		4,000	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	1,225,210 to 1,475,210		812,270	

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

This bill establishes the Prescription Monitoring and Health Information Act. The bill directs the Board of Pharmacy to establish and maintain a program to monitor the prescribing and dispensing of controlled substances and additional drugs identified by the board demonstrating a potential for abuse. To carry out the duties, the board may contract with an organization which facilitates the secure exchange of clinical information among physicians and other health care providers in real time at the point of care. The operative date of the act is January 1, 2015.

The Department of Health and Human Services estimates that four staff will be needed. The staff positions are a pharmacy inspector, staff assistant, business system analyst and a program specialist. Additionally, there are IT costs and other operating costs. The costs would be \$471,210 in FY 15 and \$408,270 in FY 16 paid from General Funds. The bill authorizes the Board of Pharmacy to contract with an organization which facilitates the secure exchange of clinical information. In Nebraska, the Nebraska Health Information Exchange provides such an exchange of information. Contractual costs would be range from \$750,000 to \$1 million in FY 15 and \$400,000 in FY 16 General Funds. The Board of Pharmacy would hold two additional meetings a year to carry out the provisions of this bill. The cost would be \$4,000 cash fund annually.

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

State Agency or Political Subdivision Name:(2) Department of Health and Human Services

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Date Prepared:(4) 2-11-14

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	<u>FY 2014-2015</u>		<u>FY 2015-2016</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$565,010		\$502,370	
CASH FUNDS	\$4,360			
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$569,370	\$0	\$502,370	\$0

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate: Program 033

LB 1072 creates the Prescription Monitoring and Health Information Exchange Act which requires reporting of information on prescribed and dispensed controlled substances and other select drugs that have the potential for abuse, and the data is to be used by prescribers, law enforcement, and DHHS Medicaid to identify possible misuse or abuse of these drugs. Significant provisions include:

- Board of Pharmacy is responsible for the Program;
- Patients cannot opt out of the Program;
- Allows two years for compliance with electronic submission within one hour after dispensing;
- Provides a Board waiver for alternate format submissions within three days;
- Queries of the Program are required by prescribers after two years;
- Allows access by law enforcement and by DHHS Medicaid;
- Provides for interoperability to share information with other states' PMPs based on entering into a memorandum of understanding;
- Establishes civil penalties for violations of improper use of the information;
- Provides the Department with authority to develop regulations; and
- Makes violation of the Act grounds for disciplinary action against a credential issued under the Uniform Credentialing Act.

The Fiscal Impact to the Department of Health and Human Services is a program specialist, pharmacy inspector, staff assistant I, and an IT business systems analyst. Software application - based on information pertaining to one software vendor used by several other states for their PMPs, the cost for the first year is \$96,000 (monthly fee of \$8,000 x 12 months) and start-up fee of \$50,000 for a total cost of \$146,000 for FY 2014-15. The software costs would be at least \$96,000 (monthly fee of \$8,000 x 12 months) for FY 2015-2016. IT costs are to establish and the maintain exchange with HIE. The implementation fee is \$15,000 for FY 2014-2015 and a yearly maintenance of \$5,000 for services for FY 2015-2016. Other operating cost of \$127,670 is the agency's indirect cost calculation of 46.2% of Salaries and Benefits to cover such expenses as printing/copy expense, postage, telephone, rent, transportation expense, computer equipment and other centralized expenses for FY 2014-2015 and FY2015-2016

Program 178

There will also be a need for two additional meetings with the Board of Pharmacy at \$4,000 which will be paid out of the Professional and Occupational Credentialing Cash Fund.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:	NUMBER OF POSITIONS	2014-2015	2015-2016
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POSITION TITLE	14-15	15-16	EXPENDITURES	EXPENDITURES
N77760 Pharmacy Inspector	1.00	1.00	\$84,941	\$84,941
S01841 Staff Assistant I	1.00	1.00	\$29,652	\$29,652
A07081 IT Business System Analyst	1.00	1.00	\$46,788	\$46,788
C73210 DHHS Program Specialist	1.00	1.00	\$43,316	\$43,316
Pharmacy Meeting			\$4,000	
Benefits.....			\$72,003	\$72,003
Operating.....			\$288,670	\$225,670
Travel.....				
Capital Outlay.....				
Aid.....				
Capital Improvements.....				
TOTAL.....			\$569,370	\$502,370