

## Department of Planning and Budget 2002 Fiscal Impact Statement

**1. Bill Number** SB425

<b>House of Origin</b>	<input type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
<b>Second House</b>	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input checked="" type="checkbox"/> Enrolled

**2. Patron** Wampler

**3. Committee** Passed Both Houses

**4. Title** Prescription Monitoring Program established

**5. Summary/Purpose:** Requires the Director of the Department of Health Professions to establish the Prescription Monitoring Program, which will require report to the department from dispensers of certain drugs (to be called "covered substances") that will include detailed information on the recipient of the prescription and the drug prescribed. The "covered substances" will include all Schedule II controlled substances as defined in the Drug Control Act. Certain dispensing circumstances are exempted, for example, the dispensing of manufacturers' samples. The information in possession of the Program is exempted from the Freedom of Information Act; however, the Director is authorized to disclose information under limited circumstances to prescribers, dispensers, the Department of State Police, and others. The Director is also authorized to notify the Attorney General or the appropriate attorney for the Commonwealth of possible violations of law and to disclose information to dispensers and prescribers that indicates a potential detriment to a recipient. Immunity from liability is provided to the Director and the Department's employees for the accuracy or lack thereof of the data reported. Penalties for violations of this act will be Class 1 misdemeanors. Licensees may be subject to disciplinary action by the relevant board for failure to report or for unauthorized use or disclosure of the confidential information. Pursuant to enactment clauses, the Director is required to promulgate regulations pursuant to the Administrative Process Act. All dispensers and prescribers must be notified of the implementation date. The provisions of this act shall become effective on the date that sufficient federal funds or other grant monies are available to support the development and operation of the program for the initial year of operation. After such initial year, the continuation of the prescription monitoring program shall be conditioned upon (i) the provision of appropriations from the general fund of the Commonwealth set forth in the appropriation act or (ii) the receipt by the program of federal funds or other grant moneys or (iii) support provided through a combination of general fund appropriations and federal funds or other grant moneys. In addition to the funding restrictions provided in the fourth enactment clause, this act shall first be limited to and implemented solely within State Health Planning Region III. After a period of two years of operation, an evaluation of the program will be prepared by the superintendent of State Police and the director of the Department of Health Professions and forwarded to the members of the House Health, Welfare and Institutions Committee and Senate Education and Health Committee.

**6. Fiscal impact:**

**6a. Expenditure Impact:**

Fiscal Year	Dollars	Positions	Fund
2002-03	\$1,002,500	3.0	NGF
2003-04	\$250,000	3.0	NGF

**6b. Revenue Impact:**

Fiscal Year	Dollars	Positions	Fund
2001-02	\$1,000,000	-	NGF
2002-03	\$250,000	-	NGF

- 7. Budget amendment necessary:** No. An enactment clause stipulates that the provisions of the legislation shall only become effective when sufficient federal funds or other grant monies are available to support the development and operation of the Prescription Monitoring Program. If the department is able to secure revenue to support the program, then the Department of Planning and Budget can administratively provide any necessary appropriation.

- 8. Fiscal implications:** The Department of Health Professions indicated that it cannot provide an exact estimate of the costs and workload associated with the implementation of this legislation. However, based on recommendation three of House Document 18 (2002) the estimated start-up cost for a prescription monitoring system in Virginia would be about \$1.0 million.

“The Virginia Attorney General’s Task Force on Prescription Drug Abuse has noted that prescription monitoring systems in Nevada and Kentucky have received particular praise among the various systems currently in place in 18 states. Under Task Force consideration is a recommendation for the creation of a prescription monitoring system for Virginia; the system will provide a central data center for data from pharmacies on controlled substance prescriptions... The anticipated start-up cost for such an initiative is over \$1 million, with the Department of Health Professions the likely repository for this data.”

The department contacted Kentucky (similar demographic to Virginia) to learn about the state’s experience with its monitoring program. Based on these conversations, DHP estimates that Virginia could implement a similar monitoring system for about \$1.0 million the first year and \$500,000 each subsequent year. In addition, the department would require three additional positions. Although the legislation is limited to planning district III, the department should not experience a significant reduction in initial costs since the systems and infrastructure will be the same for either a state-wide or focused program. However, on-going costs should be somewhat lower (about \$250,000 each year.) In addition, the agency estimates that it will cost approximately \$2,500 in the first year to promulgate the regulations required by this legislation. These costs are associated with the rule-making process and include expenses for committee meetings, public hearings, and mailings.

- 9. Specific agency or political subdivisions affected:**

Department of Health Professions

- 10. Technical amendment necessary:** No

**11. Othercomments:** None

**Date:** 03/28/02/kwm

**Document:** G:\2002FiscalYear\Legislation\SubmitEfis\Sb425er.DOC

cc:SecretaryofHealthandHumanResources