

Department of Planning and Budget 2018 Fiscal Impact Statement

1. **Bill Number:** SB 973

House of Origin Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. **Patron:** Vogel

3. **Committee:** Education and Health

4. **Title:** Track and Trace Program.

5. **Summary:** Provides that the Director of the Department of Health Professions (the Director) shall establish, maintain, and administer an electronic database. The Director shall also develop, maintain and administer interface systems between dispensers and the Track and Trace Program database, input systems integrated with current dispenser systems, and any supporting infrastructure including software updates and storage, all as requested by dispensers to input information into the database, and as necessary to monitor controlled substances in the drug supply chain in Virginia. The Director is further authorized to accept data transfers from existing track and trace systems operating in Virginia to populate the Track and Trace Program database.

6. **Budget Amendment Necessary:** See item 8.

7. **Fiscal Impact Estimates:** See item 8.

8. **Fiscal Implications:** This bill would have a fiscal impact on the Commonwealth to develop a Track and Trace system, however the full cost cannot be determined at this time. The bill authorizes the Director to establish a Track and Trace Program for reporting the movement of controlled substances throughout the distribution chain that utilizes a product identifier pursuant to the Drug Supply Chain Security Act and is capable of providing information that captures, at a minimum, the information required of dispensers. This system is similar to the Department of Health Professions' (DHP) Prescription Monitoring Program (PMP), which promotes safe prescribing and dispensing practices for covered substances by providing timely and essential information to healthcare providers. A "controlled substance" means a drug, substance or immediate precursor in Schedules I through VI of the Drug Control Act, while a "covered substance" means all controlled substances included in Schedules II, III, and IV and all drugs of concern that are required to be reported to the Prescription Monitoring Program, which have a high potential to be abused.

The Track and Trace program would not collect prescription information, overlaps in therapy, or coordination of care information. The program is focused primarily on the movement of controlled substances throughout the distribution chain and therefore does not collect the

same level of information as the PMP. It would be necessary to continue supporting the PMP in its full capacity as law enforcement and health profession licensing boards use the PMP to support investigations related to doctor shopping, diversion, and inappropriate prescribing and dispensing.

The agency does not have an estimate for how much it would cost to develop the Track and Trace program and maintain its operation; however, the PMP, which is similar in function as the Track and Trace program, costs approximately \$1.0 million annually to operate. DHP also anticipates significant implementation costs. The agency also expects that modifying the PMP to capture the same data would cost less than developing a brand new program with a similar scope.

Additionally, the provisions of the bill create a new Class 1 misdemeanor. Anyone convicted of a Class 1 misdemeanor is subject to a sentence of up to 12 months in jail. There is not enough information available to reliably estimate how many additional inmates in jail could result from this proposal. Ultimately, the presiding judge will decide if there is to be any time served in jail; however, any increase in jail population will increase costs to the state. The Commonwealth presently pays the localities \$4.00 a day for each misdemeanor or otherwise local responsible prisoner held in a jail. It also funds a large portion of the jails' operating costs, e.g. correctional officers. The state's share of these costs on a per-prisoner, per-day basis varies from locality to locality. However, according to the Compensation Board's most recent Jail Cost Report (November 2017), the estimated total state support for local jails averaged \$34.58 per inmate, per day in FY 2016.

9. Specific Agency or Political Subdivisions Affected: Department of Health Professions.

10. Technical Amendment Necessary: No.

11. Other Comments: None.