

Department of Planning and Budget 2022 Fiscal Impact Statement

1. Bill Number: SB671

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

2. Patron: Dunnavant

3. Committee: Education and Health

4. Title: Pharmaceutical processors.

- 5. Summary:** Amends the definition of "cannabis oil" by removing the requirement that only oil from industrial hemp be used in the formulation of cannabis oil. The bill requires the Board of Pharmacy to publish monthly on its website information including the number of practitioners, patients, registered agents, and parents or legal guardians of patients in each health service area who have registered with the Board, the number of written certifications issued, the number of pending applications for registrations, and the pace at which the Board is approving registrations. The bill directs the Board to promulgate numerous regulations related to pharmaceutical processors.

This fiscal impact statement has been revised to include additional information. No change to the fiscal impact.

6. Budget Amendment Necessary: Yes, item 301.

7. Fiscal Impact Estimates: See item 8.

- 8. Fiscal Implications:** The provisions of this legislation would have a nongeneral fund fiscal impact on the Department of Health Professions. The bill would add the requirement that patient registration applications be processed within 15 days, the Board of Pharmacy does not have the ability to absorb this increase in workload and expedited timeframe within existing resources. The Pharmaceutical Processor Program is supported by five full-time staff members and under normal conditions are not able to process the existing patient registration applications. The team is only able to process 91 percent of what they receive, which leaves them with a large backlog of registration applications to be processed. Staff spend about five to six hours a day processing registration applications and about two to three hours a day responding to phone calls. Each staff member can process up to 125 applications each week, for a total of 625 applications processed. In a given week the Board will receive between 675 and 740 applications, which is more than what can be processed.

Additionally, this creates a continuous backlog within the agency, with some applications pending for 60 days or more, which the Board deems unacceptable in getting patients registered to receive their medication. Because of the backlog, which DHP estimates is approximately 8,000 applications, the Board has published on its website to allow for 60 business days to process a patient registration application. In an effort to address the backlog DHP has added two temporary positions and recruited existing board staff to assist with processing, however this is not sustainable as it takes away from their other responsibilities. The Board does not have existing staff to handle the current workload and is unable to absorb the expedited time frame. In order to process applications within 15 days, as required by the proposed legislation, the agency would require 1.5 FTE in the role of licensing specialists. Based on a rate of \$73,500 per position annually including salary and fringe benefit, would cost \$110,250 for 1.5 FTE annually. This increase in positions would increase the amount of applications processed by approximately 188, bringing the amount of applications that can be processed greater than those coming in.

Addressing the backlog, which is assumed to be required by this bill in order to get older applications processed, will require the work of four temporary positions. These positions' sole responsibility will be processing applications. Based on eight hours a day processing registration applications, each temporary position could process approximately 150 applications. Therefore it would take four temporary positions approximately 13.5 weeks to address the 8,000 application backlog. DHP is currently paying \$20/hour per temporary position in similar roles. Based on a projected employment period of 13.5 weeks (540 hours) for four temporary positions, this would require \$43,200 in nongeneral fund resources. This estimate includes costs for two temporary positions that have already be onboarded for this effort but have not been budgeted.

Therefore to meet the provisions of this legislation DHP would need \$152,450 in FY23 for 1.5 FTE and four temporary positions and \$110,250 ongoing starting in FY24. Current fees for processors would need to be adjusted; the Board will have to set fee levels sufficient to cover the costs of these positions.

The provisions relating to making required changes to regulations can be accomplished within existing resources. The changes to the definition of cannabis oil have no fiscal impact.

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

10. Technical Amendment Necessary: No.

11. Other Comments: HB933, introduced by Delegate Robinson, is a companion bill.