

**STATE CONDITIONAL  
FISCAL IMPACT**

**Drafting Number:** LLS 07-0082

**Date:** January 13, 2007

**Prime Sponsor(s):** Sen. Tochtrop  
Rep. Butcher

**Bill Status:** Senate Health and Human Services

**Fiscal Analyst:** Amy Larsen (303-866-3488)

**TITLE:** CONCERNING THE TRANSFER OF THE ELECTRONIC PRESCRIPTION DRUG MONITORING PROGRAM TO THE DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT.

<b>Fiscal Impact Summary</b>	<b>FY 2007-2008</b>	<b>FY 2008-2009</b>
<b>NET TOTAL</b>		
<b>State Revenue</b>	\$ 0	\$ 0
<b>State Expenditures</b>	\$ 0	\$ 0
<b>FTE Position Change</b>	0.0 FTE	0.0 FTE
<b>State Expenditures Detail</b>		
Cash Funds Exempt - Prescription Drug Monitoring Fund	\$ 0	\$ 0
<b>Effective Date:</b> January 1, 2008		
<b>Appropriation Summary for FY 2007-2008:</b> See State Appropriations section of the fiscal note.		

**Summary of Legislation**

This Health Care Task Force bill transfers the maintenance of the Electronic Prescription Drug Monitoring Program from the Department of Regulatory Agencies (DORA) to the Department of Public Health and Environment (DPHE) once the computer-based program is operable. No General Fund monies can be used to implement or maintain the program, and if DPHE does not receive sufficient gifts, grants, and donations to maintain the program by October 1 of each year, the program will be repealed.

**Background**

The Electronic Prescription Drug Monitoring Program was created by HB05-1130 to track prescriptions for controlled substances. At the time, implementation costs of \$547,156 and ongoing annual costs of \$271,484 plus 3.0 FTE were anticipated. The bill also created the Prescription Drug Monitoring Fund to receive gifts, grants, and donations for the program, and specified that implementation and operation of the program would be contingent upon adequate moneys in the fund. In October 2006, DORA received a federal grant of \$400,000 to implement the program. Implementation is expected to be completed by July 1, 2007.

At this time, no gifts, grants, or donations have been identified for the ongoing operation of the program, and DORA did not request funding in its FY 2007-08 budget request. Instead, the department is planning to submit a supplemental budget request when funding becomes available.

### **State Revenue**

This bill will not change state revenue. Financing for the program was established in HB05-1130. The continuation of the program is conditional upon the receipt of gifts, grants, and donations to the Prescription Drug Monitoring Fund of at least \$289,504. Starting in FY 2008-09, gifts, grants, and donations of the annual program operation cost must be received by October 1 or the program will be repealed. No General Fund can be used for the program.

### **State Expenditures**

Total state expenditures are not expected to change as a result of this bill. However, any potential costs will shift from the Department of Regulatory Agencies to the Department of Public Health and Environment. Costs are conditional upon the receipt of gifts, grants, and donations as discussed in the State Revenue section.

Ongoing annual operation and maintenance costs of \$289,504 and 3.0 FTE for the program are expected as shown in Table 1 and described below. These are not new costs, but they would be incurred by the DPHE instead of DORA as soon as the transfer of responsibilities occurs.

<b>Table 1. Conditional Expenditures Under SB07-009</b>		
<b>Cost Components</b>	<b>FY 2007-08</b>	<b>FY 2008-09</b>
Personal Services	\$136,598	\$136,598
FTE	3.0	3.0
Operating Expenses	7,800	7,800
Contract/Vendor	134,940	134,940
Legal Services	10,166	10,166
<b>TOTAL</b>	<b>\$289,504</b>	<b>\$289,504</b>

***Personal Services and Operating Expenses.*** Currently, 3.0 FTE are managing the program development and implementation, working with stakeholders, acting as a liaison with contractors and pharmacies, responding to program inquiries, and administering IT functions. The bill requires these 3.0 FTE and related operating expenses to transfer from DORA to DPHE within 90 days after the program is developed or January 1, 2008, the effective date of the bill.

**Contract/Vendor.** Ongoing vendor costs for the maintenance of the program of \$134,940 are expected. These costs, based on quotes from Atlantic Associates and Optimum Technology, Inc., would also transfer from DORA to DPHE sometime in FY 2007-08.

**Legal Services.** Ongoing legal services of 150 hours per year are expected to guide rule making, confidentiality, data procurement and manipulation and other provider issues. These costs would also transfer from DORA to DPHE sometime in FY 2007-08.

### **Expenditures Not Included**

Pursuant to a Joint Budget Committee policy, funding for the items noted below will not be included in fiscal note expenditure estimates. However, indirect costs are calculated for the purpose of identifying the "per applicant" cost of a new or revised fee to reflect the total direct and indirect costs required to support a particular program.

- group health, life and dental insurance
- inflation indices
- amortization equalization disbursements
- supplemental amortization equalization disbursements
- short-term disability
- leased space
- indirect costs

Once the program is transferred to DPHE, indirect costs totaling 18.4 percent of direct costs will be assessed by the department.

### **State Appropriations**

At this time, no appropriations are required. The fiscal note assumes that once funding is identified, the annual budget process will be used to authorize necessary expenditures.

### **Departments Contacted**

Public Health and Environment  
Treasury

Regulatory Agencies