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## Pharmacy, Board of

#### mn.gov/boards/pharmacy/

#### AT A GLANCE

(All data is for FY 2015, except that PMP data is for calendar year 2015)

#### **Board Members and Staff**

- 9 board members (six pharmacists and three public members) appointed by the Governor
- 20 Full-time employees

#### Licenses & Registrations Issued

- 20,391 individuals
- 4,222 businesses

#### Inspections

466 inspections of licensed facilities

#### Complaint & Discipline

- Receipt of 195 new jurisdictional complaints
- Resolution of 172 jurisdictional complaints
- 60 disciplinary actions taken

#### Prescription Monitoring Program (PMP)

- 7.96 million controlled substance prescriptions reported to PMP
- 15, 432 enrolled PMP Users
- 998,506 database queries

#### PURPOSE

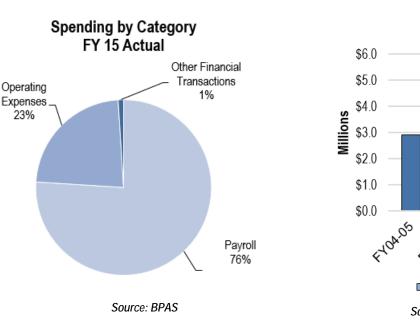
The Board's mission is to preserve and protect the public health, safety, and welfare of Minnesotans by promoting the safe distribution of pharmaceuticals and the provision of quality pharmacy care.

The Board fulfills this mission through examination and licensure of pharmacists, regulation of the practice of pharmacy, inspection of licensed facilities, investigation of complaints, and the issuance of disciplinary orders and agreements for corrective action. Board staff also helps educate pharmacists and others about laws, rules and best standards of practice.

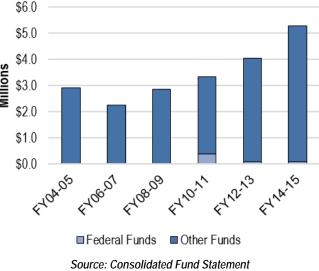
The Minnesota Prescription Monitoring Program, a tool that prescribers and pharmacists can use to help prevent prescription drug abuse, is also administered by the Board.

The Board contributes to the following state wide outcomes:

- All Minnesotans have optimal health
- People in Minnesota are safe
- Efficient and accountable government services



### **Historical Spending**



The activities of the board are largely funded by license fees collected from licensees of the Board. The Board has also received federal and private grants that have been used to make enhancements to the Prescription Monitoring Program.

## **Small Agency Profile**

BUDGET

The Board is funded by licensure fees. Minnesota Statutes section 214.06, subdivision 1(a) compels the Board to collect fees in the amount sufficient to cover direct and indirect expenditures. Funds are deposited as non-dedicated revenue into the state government special revenue fund. From this fund, the Board receives a direct appropriation to pay for agency expenses such as salaries, rent, costs associated with disciplinary/contested cases and operating expenditures. It also pays statewide indirect costs through an open appropriation. The Board receives no general fund dollars.

In addition to Board operations, licensure fees fund activities that support other boards and agencies. Some of these are: the Administrative Services Unit (inter-board), Health Professionals Services Program (inter-board), Prescription Monitoring Program (Pharmacy Board), Office of the Attorney General for legal services, and the Criminal Background Check Program (inter-board).

#### **STRATEGIES**

The Board's primary strategy is to promote adherence to state and federal laws and rules relating to the practice of pharmacy and the manufacture and distribution of drugs. Another, equally important strategy is to promote the adoption of cutting edge standards of practice that go beyond the minimum requirements specified in the statutes and rules. The Board's activities can be divided into several areas of focus:

Licensing. Licensing is the Board's "foundation", on which most activities ultimately rest. The ability to issue licenses and registrations empowers the Board to inspect facilities, investigate complaints, and take disciplinary action when necessary. In addition, the Board is primarily funded by the licensing and registration fees that it collects. Most of the Board's staff members are involved in some aspect of the licensing process. Administrative staff members process applications and work with the National Association of Boards of Pharmacy to make sure that applicants for a pharmacist license have passed the required examinations. Compliance staff members conduct initial inspections of facilities before they are allowed to be licensed.

Compliance. Activities in this area can be further divided as follows:

- Inspections. The Board licenses or registers 2,127 in-state pharmacies, drug wholesalers, drug manufacturers, medical gas distributors and controlled substance researchers. Each facility is inspected by a Board Surveyor before it can open. Subsequent, unannounced inspections are also periodically conducted.
- **Complaint Investigations**. The Board investigates every jurisdictional complaint it receives. Most often, a Board Surveyor visits the pharmacy in question, meets with pharmacy staff, reviews the policies and procedures of the pharmacy, and directs pharmacy staff to make necessary changes to policies and procedures. The Surveyor then files a report which is reviewed by the Complaint Review Panel (CRP). The CRP may dismiss the complaint if it determines that the allegations are without merit or if it satisfied that the pharmacy will take appropriate corrective actions. The CRP sometimes determines that offenses were committed that are serious enough to warrant discipline. For cases involving certain issues, such as alleged physical or mental impairment of a licensee, the Board refers the matter to the Attorney General's Office (AGO) for investigation. In such cases, the AGO also issues a report that is reviewed by the CRP.
- Discipline. If either the CRP or the Board's Executive Director (ED) determines that the evidence substantiates a serious violation of statutes or rules, the matter is turned into a disciplinary case. The ED works with the AGO to initiate the due process procedures that the Board must follow. The licensee or registrant is directed to appear before a Committee on Professional Standards, which weighs the available evidence. In most cases, if the Committee determines that discipline is warranted, it reaches a settlement agreement with the licensee or registrant. Such agreements, which must be approved by the full Board, usually involve the issuance of a disciplinary order which places limitations and conditions on the license or registration of the person or business that was investigated.
- **Consultations**. The Executive Director, Deputy Director and Board Surveyors are licensed pharmacists with, collectively, nearly 200 years of experience working in a variety of pharmacy settings. As such, their advice is sought on a daily basis by pharmacists and other licensees and registrants. The ED, DD and Surveyors provide consultations on issues that are often extremely technical and complex. The goal of all consultations is to promote both adherence to laws and rules and the adoption of cutting edge standards of practice and technology that help protect the health, welfare and safety of citizens.

**Policy, Regulatory and Legislative Activities**. As new standards of practice emerge and new technologies are developed, the Board and its staff work to update guidances, rules and statutes. Guidances help licensees and registrants use new technologies and procedures in a way that best promotes the health, welfare and safety of citizens. As new technologies and standards of practice become more broadly accepted, the Board will promulgate rules, as necessary, to replace the guidances. For certain issues, it is necessary to ask the Legislature and Governor to enact new statutory language. In addition, Board staff very frequently provides technical assistance to legislators and their staff on a variety of issues concerning pharmacy and drugs. The Board also works on policy issues with other local, state and federal agencies, including local law enforcement agencies, county attorneys, the state Departments of Human Services and Health, the Minnesota Pollution Control Agency, the Bureau of Criminal Apprehension, the U.S. Drug Enforcement Administration, and the U.S. Food and Drug Administration.

**Services for the General Public**. In addition to the benefits that the public derives from the activities described above, Board staff provides direct services to the public as well. Staff provides information to the public in response to inquiries concerning the legal requirements and standards for pharmacy practice. The public can use the Board's online license verification system to verify that individuals and businesses are licensed by the Board and to determine if any disciplinary action has been taken against a licensee or registrant. The Board provides copies of disciplinary orders to the public upon request - at no charge.

**Prescription Monitoring Program**. The purpose of the Prescription Monitoring Program (PMP) is to promote public health, safety and welfare by detecting abuse or misuse of controlled substances; drugs that have a high potential for abuse and addiction, such as narcotics and stimulants. The PMP collects information concerning controlled substance prescriptions dispensed for people residing in Minnesota. Prescribers, pharmacists and certain Medicaid staff can access this data through a secure online system. The PMP is a tool that these authorized users can employ in order to detect possible "doctor-shopping" behavior. (Obtaining prescriptions from multiple prescribers and having them filled by multiple pharmacies). The Board encourages prescribers and pharmacists who identify individuals who appear to be engaged in "doctor-shopping" to refer them for appropriate care – either chemical dependency treatment or pain management. Law enforcement officials can obtain data from the system as well, but only after obtaining a court-issued search warrant and serving it on the Board. In January of 2015, in response to passage of legislation during the 2014 Legislative Session, the Board began providing prescribers and pharmacies, derived from the PMP database, concerning individuals who may be doctor-shopping.

Type of Measure	Name of Measure	Previous	Current	Dates
Quantity	Percentage of in-state facility inspections completed annually	28.8%	28.9%	FY 2013 FY 2014
Quality	Percentage of complaints investigated and resolved within 12 months	67.5%	86.8%	FY 2013 FY 2014
Results	Number of individuals who receive prescriptions from five or more prescribers and have them filled at five or more pharmacies within a three month period of time	1,233	1,161	7/1/2013 – 12/31/2013 7/1/2015 – 12/31/2015

#### RESULTS

Sections of MN Statutes Chapters 151 (<u>https://www.revisor.mn.gov/statutes/?id=151</u>), 152 (<u>https://www.revisor.mn.gov/statutes/?id=152</u>) and 214 (<u>https://www.revisor.mn.gov/statutes/?id=214</u>) provide the Board of Pharmacy with legal authority to carry out its duties.

#### Expenditures By Fund

	Actual	Actual	Actual	Actual Estimate Forecasted B		Forecasted Base		r's dation
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
1201 - Health Related Boards	2,388	2,785	2,729	3,316	3,092	3,092	3,313	3,353
2000 - Restrict Misc Special Revenue	18	0	0	102	101	101	101	101
3000 - Federal	76	23	35	334	333	333	333	333
Total	2,481	2,807	2,763	3,751	3,526	3,526	3,747	3,787
Biennial Change Biennial % Change Governor's Change from Base Governor's % Change from Base				1,227 23		537 8		1,019 16 482 7
Expenditures by Program								
Program: Pharmacy Board of	2,481	2,807	2,763	3,751	3,526	3,526	3,747	3,787
Total	2,481	2,807	2,763	3,751	3,526	3,526	3,747	3,787
Expenditures by Category		1						
Compensation	1,861	2,135	2,226	2,481	2,482	2,495	2,624	2,663
Operating Expenses	608	662	536	1,269	1,038	1,025	1,117	1,118
Other Financial Transactions	11	11	2	1	6	6	6	6
Total	2,481	2,807	2,763	3,751	3,526	3,526	3,747	3,787
<u>Full-Time Equivalents</u>	16.9	18.7	18.5	ا 21.0	21.0	21.0	22.0	22.0

#### 1201 - Health Related Boards

	Actual	Actual	Actual	Estimate	Forecas	st Base	Gover Recomm	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	168	0	263	0	0	0	0
Direct Appropriation	2,555	2,772	2,962	3,033	3,033	3,033	3,254	3,294
Open Appropriation	0	0	0	19	59	59	59	59
Net Transfers	0	0	30	0	0	0	0	0
Cancellations	0	155	0	0	0	0	0	0
Expenditures	2,388	2,785	2,729	3,316	3,092	3,092	3,313	3,353
Balance Forward Out	167	0	263	0	0	0	0	0
Biennial Change in Expenditures				872		140		622
Biennial % Change in Expenditures				17		2		10
Gov's Exp Change from Base								482
Gov's Exp % Change from Base								8
Full-Time Equivalents	16.9	18.7	18.5	21.0	21.0	21.0	22.0	22.0

#### 2000 - Restrict Misc Special Revenue

	Actual	Actual	ual Actual Estimate		Forecast Base		Govern Recomme	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	19	1	1	1	0	0	0	0
Receipts	0	0	0	101	101	101	101	101
Expenditures	18	0	0	102	101	101	101	101
Balance Forward Out	1	1	1	0	0	0	0	0
Biennial Change in Expenditures				84		100		100
Biennial % Change in Expenditures				480		98		98
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0

#### 3000 - Federal

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	16	56	1	1	0	0	0	0
Receipts	60	(33)	35	333	333	333	333	333
Expenditures	76	23	35	334	333	333	333	333
Balance Forward Out	0	1	1	0	0	0	0	0
Biennial Change in Expenditures				270		298		298
Biennial % Change in Expenditures				274		81		81

#### Agency Financing by Fund

(Dollars in Thousands)

#### 3000 - Federal

Gov's Exp Change from Base		0
Gov's Exp % Change from Base		0

## FY18-19 Biennial Budget Change Item

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	55	95	120	157
Revenues	0	0	0	0
Net Fiscal Impact =	55	95	120	157
(Expenditures – Revenues)				
FTEs	0	0	0	0

#### Change Item Title: Small Agency Operating Increase

#### **Recommendation:**

The Governor recommends \$150,000 in FY 2018-19 and \$277,000 in FY 2020-21 from the state government special revenue fund to support increasing operating and salary costs. This recommendation will allow the board to maintain current administrative support and service levels to the public. The amount recommended in FY 2018-19 represents a 2.5% increase to the board's base funding.

#### Rationale/Background:

The appropriation in this proposal will pay for:

- Increased costs of in-state travel for inspections and complaint investigations;
- Rent increases; and
- Increased salary and benefit costs related to reclassification of a clerical position and potential cost-of-living increases.

The Board's workload has increased over the past decade. The number of facilities licensed by the Board increased by 1,331 between 2006 and 2016 (a 47.3% increase). The number of individuals licensed by the Board increased by 5,369 during the same period of time (a 37.8% increase). Due to several factors, the number of complaints that the Board needs to process has tripled since FY 2008. The Board also administers the Prescription Monitoring Program and monitors nonresidential businesses that ship drugs into Minnesota. To handle this increased workload, the Board has had to nearly double its staff since 2005.

The Board's appropriation has been increased in the past to account for some of the increase in staff size and to cover inflationary increases for rent, supplies, equipment, and salaries and benefits. However, the appropriation needs to be increased again to avoid reducing staff and service levels to the public.

The Board is entirely fee supported and receives no General Fund dollars to provide all services. Fees must be collected to cover direct and indirect expenditures, deposited as non-dedicated revenue into the State Government Special Revenue Fund (SGSRF). The board collects sufficient revenue to cover all expense and this change item increase.

#### Proposal:

This proposal to increase the Board's appropriation is intended to ensure that the Board will have sufficient authority to expend the funds necessary to carry out its mission to protect the public. If this appropriation increase is not granted, the Board will have to reduce its staff. That may result in fewer facility inspections being completed, longer response times for complaints, delayed disciplinary actions, and delayed issuance of licenses and registrations. Collectively, those changes may have an adverse impact on public health and safety. No fee increase will be necessary.

Small Agency Increase - PMP	FY2018	FY2019	FY2020	FY2021
Salary Increases (current level staffing)	\$51,000	\$77,000	\$102,000	\$139,000
Rent Increases	\$2,000	\$2,000	\$2,000	\$2,000
In-State Travel	\$2,000	\$16,000	\$16,000	\$16,000
Total	\$55,000	\$95,000	\$120,000	\$157,000

#### **Results:**

By retaining current staff, the Board should see improvements in the percentage of in-state facilities inspected annually. The Board also anticipates that license applications will be processed more quickly. The percentage of complaints investigated and resolved within 12 months increased in FY 2014, after falling in FY 2013.

Type of Measure	Name of Measure	Previous	Current	Dates
Quantity	Percentage of in-state facility inspections completed annually	28.8%	28.9%	FY 2013 FY 2014
Quantity	Percentage of complaints investigated and resolved within 12 months	67.5%	77%	FY 2013 FY 2014

# Statutory Change(s): None required.

## Pharmacy, Board of

## FY18-19 Biennial Budget Change Item

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	36	36	36	36
Revenues				
Net Fiscal Impact =	36	36	36	36
(Expenditures – Revenues)				
FTEs	0	0	0	0

#### Change Item Title: Information Technology Services

#### **Recommendation:**

The Governor recommends \$72,000 biennially from the state government special revenue to support information technology costs. This proposal will pay for the following anticipated IT expenses, which are not currently supported within the board's base appropriation:

- MN.IT 'switches' equipment annual expense: \$3,132.00
- MN.IT Services (Voicemail, Email, WAN) and other IT device related services provided by MNIT: \$500.00
- Anticipated increased in annual Service Level Agreements expense: \$32,368

The amount recommended represents a 1.2% increase to the board's base biennial appropriation.

#### Rationale/Background:

The Board of Pharmacy has 20 staff members and nine board members, all of whom use desktop, laptop or tablet computers, email, and voicemail services. The board anticipates a slight increase in costs related to these services. The network switch equipment expense is a required cost for the Board in order to securely transfer data to appropriate recipients.

The Board is entirely fee supported and receives no General Fund dollars to provide all services. Fees must be collected to cover direct and indirect expenditures, deposited as non-dedicated revenue into the State Government Special Revenue Fund (SGSRF). The board collects sufficient revenue to cover all expense and this change item increase.

#### Proposal:

IT Operational Increase:	FY2018	FY2019	FY2020	FY2021
MNIT network switch- equipment annual expense	\$3,132	\$3,132	\$3,132	\$3,132
<ul> <li>MNIT Services (Voice, Email, WAN) and other IT device related services</li> </ul>	\$500	\$500	\$500	\$500
Service Level Agreement Rate change	\$32,368	\$32,368	\$32,368	\$32,368
Total	\$36,000	\$36,000	\$36,000	\$36,000

#### **Results:**

Type of Measure	Name of Measure	Previous	Current	Dates
Quantity	Percent of license renewals completed online	62.5%		FY13-14
			80%	FY15-16

## Statutory Change(s):

NA

## FY18-19 Biennial Budget Change Item

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	130	130	130	130
Revenues	0	0	0	0
Net Fiscal Impact =	130	130	130	130
(Expenditures – Revenues)				
FTEs	1	1	1	1

#### Change Item Title: Operating Increase – Prescription Monitoring Program

#### **Recommendation:**

The Governor recommends \$260,000 biennially from the state government special revenue fund to support increasing operating costs incurred by the Prescription Monitoring Program at the Board of Pharmacy. This recommendation will allow the board to increase administrative support and improve service levels to the public.

#### Rationale/Background:

The Governor recommends an increased appropriation to cover:

- Rent increases;
- Increased salary and benefit costs related to the creation of a new position, the filling of a vacant position, and salary and benefit increase; and
- An increase in the cost of the board's contract with its IT vendor.

The workload for the Board's PMP staff has increased since the program's inception in 2010. Part of the increased workload involves the processing of an increased number of search warrants, the need to do more analysis of data to assess the program, and the need to do additional work involving the accuracy and integrity of prescription data submitted to the program.

Due to the increased amount of work involving data analysis and integrity, the Board created a new position when a staff member resigned. This allowed the Board to recruit someone with the requisite skills to complete the work. However, there is still a need to fill the old position in order to handle administrative/clerical tasks that the individual in the new position does not have time to work on.

The Board is entirely fee supported and receives no General Fund dollars to provide all services. Fees must be collected to cover direct and indirect expenditures, deposited as non-dedicated revenue into the State Government Special Revenue Fund (SGSRF). The board collects sufficient revenue to cover all expense and this change item increase.

#### Proposal:

This proposal to increase the Board's appropriation is intended to ensure that the Board will have sufficient authority to expend the funds necessary to operate the Prescription Monitoring Program. If this appropriation increase is not granted, the Board may not be able to fill a vacant position. That may result in delays in processing search warrants and in getting dispensers to resubmit corrected data. If the latter task is not completed in a timely manner, the data available for use by prescribers and pharmacists would not be as reliable. Ultimately, that could have a negative impact on reducing drug abuse.

Small Agency Increase - PMP	FY2018	FY2019	FY2020	FY2021
Salary Increases	\$91,000	\$91,000	\$91,000	\$91,000
IT vendor system enhancements	\$39,000	\$39,000	\$39,000	\$39,000
Total	\$130,000	\$130,000	\$130,000	\$130,000

#### **Results:**

By filling the vacant position, the Board should be able to prevent a decrease in the number of search warrants processed within one business day. In addition, the Board should be able to prevent a decrease in the percentage of data uploaders who report daily as required. Currently, the Board participates with 33 other states in the exchange of PMP data. By having additional funds for the IT contract with its vendor, the board should be able to increase the number of states to 100% of the states that have the ability to share data.

Type of Measure	Name of Measure	Previous	Current	Dates
Quantity	Percentage of search warrants processed within one business day. (If position not filled would expect decrease of 20%).	95%	75%	FY 2017 FY 2018
Quantity	Percentage of data uploaders reporting daily as required. (If position not filled, percentage may decrease).	87%	94%	FY 2012 FY 2016

#### Statutory Change(s):

None required.

#### (Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2016 Actuals	FY2017 Budget	FY2018 Base	FY2019 Base	Required State Match or MOE?	FTEs
US Dept. of Justice – Office of Justice Programs - 16.754	Harold Rogers Prescription Drug Monitoring Program:		\$35	\$133	\$133	\$133		0
US Dept. of Justice – Office of Justice Programs - 16.754	Harold Rogers Prescription Drug Monitoring Program	New	\$0	\$200	\$200	\$200		0
	Federal Fund – Agency Total		\$35	\$333	\$333	\$333		

#### Narrative:

The MN Board of Pharmacy was awarded a Harold Rogers Prescription Drug Monitoring Program Grant (HR PDMP) in 2011 and 2016 (note: 2011 grant will expire 9/30/2017 without the ability to extend). The HR PDMP grant is awarded by the Office of Justice Programs, Bureau of Justices Assistance and is used to assist with the implementation or enhancement and use of the MN Prescription Monitoring Program to: enhance the functioning of the data collection and analysis system; enhance the existing educational and training program; facilitate electronic information sharing among states in compliance with the National PMIX Architecture; enhance the capacity to provide unsolicited reports of controlled substance prescribing to authorized individuals or entities; assist entities in integrating access to the database via Health IT solutions, and assess the efficiency and effectiveness of the program.

The purpose of these additional funds are project specific and are intended to support not supplant existing state resources. This funding is expected to remain stable for FY18 and FY19. There is no required matching for these funds.