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<https://mn.gov/boards/pharmacy/>

### AT A GLANCE

**Board Members and Staff** (as of 7/1/2022)

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

**Licenses & Registrations Issued** (as of 7/1/2022)

- 19,924 individuals
- 4,123 businesses

**Inspections** (for FY 2021 and 2022)

- 237 inspections of licensed facilities, including pharmacies, drug manufacturers and wholesalers, and medical gas distributors

**Complaint & Discipline** (for FY 2021 and 2022)

- 290 new jurisdictional complaints received
- 289 jurisdictional complaints resolved
- 58 disciplinary actions taken

**Prescription Monitoring Program (PMP)** (for calendar year 2021)

- 6.54 million controlled substance prescriptions reported to PMP
- 25,402 enrolled PMP Users
- 4.09 million database queries

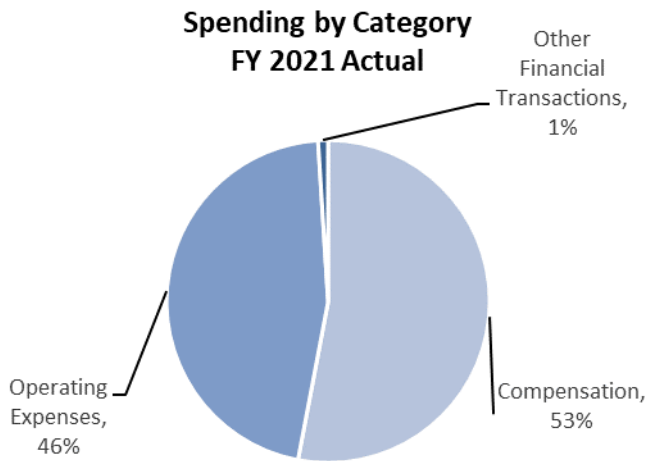
### PURPOSE

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.

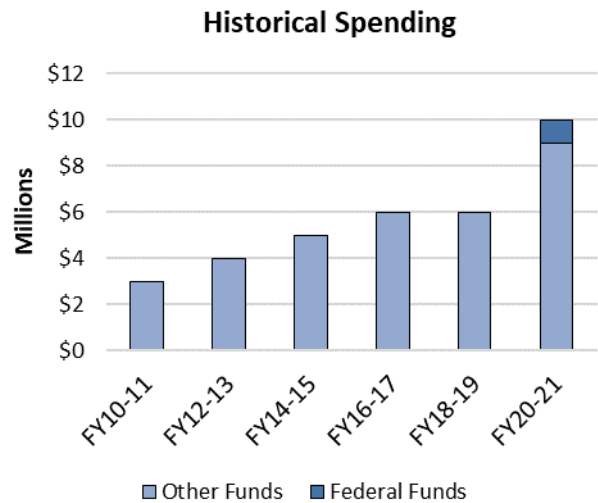
The Board fulfills this mission through examination and licensure of pharmacists, regulation of the practice of pharmacy, regulation of the manufacturing and distribution of pharmaceuticals, inspection of licensed facilities, investigation of complaints, and the issuance of disciplinary orders and agreements for corrective action. Board staff also help educate pharmacists and others about laws, rules and best standards of practice. The Board provides information to the public on its website related to the practice of pharmacy and prescription drugs.

The Board also administers several programs, including: The Minnesota Prescription Monitoring Program, the Opiate Product Fee Registration Program, and the Minnesota Insulins Safety Net Program.

## BUDGET



*Source: Budget Planning & Analysis System (BPAS)*



*Source: Consolidated Fund Statement*

The Board is mostly funded by licensure fees and, with two recent and temporary exceptions for the Opiate Product Registration Fee Program and the Insulin Safety Net Program, has received no general fund or healthcare access fund dollars. Minnesota Statutes section 214.06, subdivision 1(a) requires 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.

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 over 2,000 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. 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. 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. The Surveyor or the AGO Investigator issues a report which is reviewed by the Board’s Complaint Review Panel (CRP). CRP may dismiss the complaint if the allegations aren’t proven or may refer the matter on for discipline.
- **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 or propose statutory changes. In addition, Board staff very frequently provide 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.** Board staff provides direct services to the public. Staff provide 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 free copies of disciplinary orders to the public upon request.

**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 if a patient is 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 such an activity 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.

## RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Percentage of in-state facility inspections completed annually*	11.4%	8%	FY 2021 FY 2022
Quality	Percentage of complaints investigated and resolved within 12 months	67.5%	60.3%	FY 2021 FY 2022
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	227	135	1/1/2020-3/31/2020  1/1/2021-3/31/2021

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\*The decrease in inspections coincides with the characterization of the COVID-19 outbreak as a pandemic by the World Health Organization, the national emergency declaration issued by the President, and the Executive Orders issued in Minnesota.

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

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base FY24 FY25		Governor's Recommendation FY24 FY25	
<b><u>Expenditures by Fund</u></b>								
1000 - General	87	202						
1201 - Health Related Boards	3,833	4,194	4,025	4,781	4,403	4,403	5,226	5,206
2000 - Restrict Misc Special Revenue	14	107	42	53	48	48	48	48
2001 - Other Misc Special Revenue		414	607	872				
2005 - Opiate Epidemic Response		88	66	226	126	126	126	126
2360 - Health Care Access				152	76	38	76	38
3000 - Federal	321	457	220	90	847	621	847	621
<b>Total</b>	<b>4,256</b>	<b>5,461</b>	<b>4,961</b>	<b>6,174</b>	<b>5,500</b>	<b>5,236</b>	<b>6,323</b>	<b>6,039</b>
Biennial Change				1,418		(399)		1,227
Biennial % Change				15		(4)		11
Governor's Change from Base								1,626
Governor's % Change from Base								15

**Expenditures by Program**

Pharmacy Board	4,256	5,461	4,961	6,174	5,500	5,236	6,323	6,039
<b>Total</b>	<b>4,256</b>	<b>5,461</b>	<b>4,961</b>	<b>6,174</b>	<b>5,500</b>	<b>5,236</b>	<b>6,323</b>	<b>6,039</b>

**Expenditures by Category**

Compensation	2,828	2,930	2,846	3,195	3,141	3,193	3,454	3,624
Operating Expenses	1,426	2,472	2,114	2,966	2,346	2,030	2,856	2,402
Capital Outlay-Real Property				5	5	5	5	5
Other Financial Transaction	2	59	0	8	8	8	8	8
<b>Total</b>	<b>4,256</b>	<b>5,461</b>	<b>4,961</b>	<b>6,174</b>	<b>5,500</b>	<b>5,236</b>	<b>6,323</b>	<b>6,039</b>

**Full-Time Equivalent**

	21.30	21.58	20.76	24.00	24.00	24.00	25.00	25.00
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(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base FY24 FY25		Governor's Recommendation FY24 FY25	
<b>1000 - General</b>								
Balance Forward In		285						
Direct Appropriation	370							
Cancellations		83						
Balance Forward Out	283							
<b>Expenditures</b>	<b>87</b>	<b>202</b>						
Biennial Change in Expenditures				(289)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	0.44	0.06						

**1201 - Health Related Boards**

Balance Forward In		810		378				
Direct Appropriation	4,307	4,341	4,403	4,403	4,403	4,403	5,226	5,206
Open Appropriation	15							
Transfers In	6							
Cancellations		958						
Balance Forward Out	494		378					
<b>Expenditures</b>	<b>3,833</b>	<b>4,194</b>	<b>4,025</b>	<b>4,781</b>	<b>4,403</b>	<b>4,403</b>	<b>5,226</b>	<b>5,206</b>
Biennial Change in Expenditures				778		0		1,626
Biennial % Change in Expenditures				10		0		18
Governor's Change from Base								1,626
Governor's % Change from Base								18
Full-Time Equivalents	20.49	20.47	19.75	22.00	22.00	22.00	23.00	23.00

**2000 - Restrict Misc Special Revenue**

Balance Forward In	3	4	8	5				
Receipts	16	109	40	48	48	48	48	48
Balance Forward Out	4	6	5					
<b>Expenditures</b>	<b>14</b>	<b>107</b>	<b>42</b>	<b>53</b>	<b>48</b>	<b>48</b>	<b>48</b>	<b>48</b>
Biennial Change in Expenditures				(26)		1		1
Biennial % Change in Expenditures				(21)		1		1
Governor's Change from Base								0

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY20	FY21	FY22	FY23	FY24	FY25	FY24	FY25
Governor's % Change from Base								0
Full-Time Equivalents	0.04	0.41	0.26					

**2001 - Other Misc Special Revenue**

Receipts		414	607	872				
<b>Expenditures</b>		<b>414</b>	<b>607</b>	<b>872</b>				
Biennial Change in Expenditures				1,066		(1,479)		(1,479)
Biennial % Change in Expenditures						(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents		0.04						

**2005 - Opiate Epidemic Response**

Balance Forward In			40	100				
Direct Appropriation		126	126	126	126	126	126	126
Balance Forward Out		38	100					
<b>Expenditures</b>		<b>88</b>	<b>66</b>	<b>226</b>	<b>126</b>	<b>126</b>	<b>126</b>	<b>126</b>
Biennial Change in Expenditures				205		(40)		(40)
Biennial % Change in Expenditures						(14)		(14)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents		0.29	0.75	1.00	1.00	1.00	1.00	1.00

**2360 - Health Care Access**

Balance Forward In				76				
Direct Appropriation		76	76	76	76	38	76	38
Cancellations		76						
Balance Forward Out			76					
<b>Expenditures</b>				<b>152</b>	<b>76</b>	<b>38</b>	<b>76</b>	<b>38</b>
Biennial Change in Expenditures				152		(38)		(38)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								0



(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base FY24 FY25		Governor's Recommendation FY24 FY25	
<b>3000 - Federal</b>								
Balance Forward In	1	1						
Receipts	320	457	220	90	847	621	847	621
Transfers Out		1						
Balance Forward Out	1							
<b>Expenditures</b>	<b>321</b>	<b>457</b>	<b>220</b>	<b>90</b>	<b>847</b>	<b>621</b>	<b>847</b>	<b>621</b>
Biennial Change in Expenditures				(468)		1,158		1,158
Biennial % Change in Expenditures				(60)		374		374
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.33	0.31		1.00	1.00	1.00	1.00	1.00

(Dollars in Thousands)

	FY23	FY24	FY25	Biennium 2024-25
<b>Direct</b>				
<b>Fund: 1201 - Health Related Boards</b>				
FY2023 Appropriations	4,403	4,403	4,403	8,806
Forecast Base	4,403	4,403	4,403	8,806
Change Items				
Maintain Current Service Levels		495	613	1,108
ALIMS Licensing Software		328	190	518
<b>Total Governor's Recommendations</b>	<b>4,403</b>	<b>5,226</b>	<b>5,206</b>	<b>10,432</b>
<b>Fund: 2005 - Opiate Epidemic Response</b>				
FY2023 Appropriations	126	126	126	252
Forecast Base	126	126	126	252
<b>Total Governor's Recommendations</b>	<b>126</b>	<b>126</b>	<b>126</b>	<b>252</b>
<b>Fund: 2360 - Health Care Access</b>				
FY2023 Appropriations	76	76	76	152
Base Adjustments				
Current Law Base Change			(38)	(38)
Forecast Base	76	76	38	114
<b>Total Governor's Recommendations</b>	<b>76</b>	<b>76</b>	<b>38</b>	<b>114</b>
<b>Dedicated</b>				
<b>Fund: 2000 - Restrict Misc Special Revenue</b>				
Planned Spending	53	48	48	96
Forecast Base	53	48	48	96
<b>Total Governor's Recommendations</b>	<b>53</b>	<b>48</b>	<b>48</b>	<b>96</b>
<b>Fund: 2001 - Other Misc Special Revenue</b>				
Planned Spending	872			
Forecast Base	872			
<b>Total Governor's Recommendations</b>	<b>872</b>			
<b>Fund: 3000 - Federal</b>				
Planned Spending	90	847	621	1,468
Forecast Base	90	847	621	1,468
<b>Total Governor's Recommendations</b>	<b>90</b>	<b>847</b>	<b>621</b>	<b>1,468</b>
<b>Revenue Change Summary</b>				

(Dollars in Thousands)

	FY23	FY24	FY25	Biennium 2024-25
<b><i>Dedicated</i></b>				
<b>Fund: 2000 - Restrict Misc Special Revenue</b>				
Forecast Revenues	48	48	48	96
<b>Total Governor's Recommendations</b>	<b>48</b>	<b>48</b>	<b>48</b>	<b>96</b>
<b>Fund: 2001 - Other Misc Special Revenue</b>				
Forecast Revenues	872			
<b>Total Governor's Recommendations</b>	<b>872</b>			
<b>Fund: 3000 - Federal</b>				
Forecast Revenues	90	847	621	1,468
<b>Total Governor's Recommendations</b>	<b>90</b>	<b>847</b>	<b>621</b>	<b>1,468</b>
<b><i>Non-Dedicated</i></b>				
<b>Fund: 1201 - Health Related Boards</b>				
Forecast Revenues	3,407	3,407	3,407	6,814
Change Items				
Fee Increase		596	596	1,192
<b>Total Governor's Recommendations</b>	<b>3,407</b>	<b>4,003</b>	<b>4,003</b>	<b>8,006</b>
<b>Fund: 2005 - Opiate Epidemic Response</b>				
Forecast Revenues	13,550	13,550	13,550	27,100
<b>Total Governor's Recommendations</b>	<b>13,550</b>	<b>13,550</b>	<b>13,550</b>	<b>27,100</b>

# Board of Pharmacy

## FY 2024-25 Biennial Budget Change Item

### Change Item Title: Maintain Current Service Levels

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	495	613	613	613
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	495	613	613	613
<b>FTEs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Recommendation:

The Governor recommends additional funding of \$495,000 in FY 2024 and \$613,000 in each subsequent year from the state government special revenue fund to maintain the current level of service delivery for the Board of Pharmacy.

### Rationale/Background:

Each year, the cost of doing business rises—employer-paid health care contributions, FICA and Medicare, along with other salary and compensation-related costs increase. Other operating costs, like rent and lease, fuel and utilities, and IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat from year to year.

Agencies face challenging decisions to manage these costs within existing budgets, while maintaining the services Minnesotans expect. From year to year, agencies find ways to become more efficient with existing resources. However, cost growth typically outstrips efficiencies, and without additional resources added to agency budgets, service delivery erodes.

For the Board, operating cost pressures exist in multiple categories—increases in compensation and insurance costs at the agency, increasing costs to maintain our current staff complement in a challenging labor market, and increasing IT costs. If an operational increase is not provided, not only will the board be unable to hire its vacant pharmacist surveyor position, but the Board will also be forced to begin laying off employees. This will contribute to major delays in licensure times, complaint investigation and resolution, and timely correspondence. Additionally, it will negatively impact morale.

### Proposal:

The Governor recommends increasing agency operating budgets to support maintaining the delivery of current services. For the Board, this funding will support expected and anticipated employee compensation growth and known cost increases to lease rates and other operating expenses.

### Results:

This proposal is intended to allow the Board of Pharmacy to continue to provide current levels of service and information to the public.

# Board of Pharmacy

## FY 2024-25 Biennial Budget Change Item

### Change Item Title: Fee Increase

Fiscal Impact (\$000s)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
General Fund					
Expenditures	0	0	0	0	0
Revenues	0	0	0	0	0
Other Funds					
Expenditures	0	0	0	0	0
Revenues	0	596	596	596	596
Net Fiscal Impact = (Expenditures – Revenues)	0	(596)	(596)	(596)	(596)
<b>FTEs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Recommendation:

The Governor recommends that the fees collected by the Board of Pharmacy be increased as shown in the table below. The projected \$596,520 increase in revenues is an 8% increase from the revenues collected in FY 2022. Fees were last evaluated, and an increase approved, in FY2020 – 2021.

Application fees	Current Fee	Proposed New Fee
pharmacist licensed by examination	175	210
pharmacist licensed by reciprocity	275	300
pharmacy intern	50	75
pharmacy technician	50	60
pharmacy	260	300
drug wholesaler, legend only or legend & nonlegend	5,260	5,300
drug wholesaler, nonlegend drugs, veterinary legend drugs, or both	5,260	5,300
drug wholesaler, medical gases	5,260 for first facility and 260 for each additional facility	5,300 for first facility and 300 for each additional facility
drug wholesaler, also licensed as a pharmacy in Minnesota	5,260	5,300
Third-party logistics provider	300	300
drug manufacturer, nonopiate legend only or legend & nonlegend	5,260	5,300
drug manufacturer, nonlegend or veterinary legend drugs	5,260	5,300
drug manufacturer, medical gases	5,260 for first facility and \$260 for each additional facility	5,300 for first facility and \$300 for each additional facility
drug manufacturer, also licensed as a pharmacy in Minnesota	5,260	5,300
drug manufacturer, opiate	55,260	55,300
medical gas dispenser	260	260
controlled substance researcher	75	150
pharmacy professional corporation	150	150

<b>Application fees</b>	<b>Current Fee</b>	<b>Proposed New Fee</b>
<b>Original license fee</b>		
pharmacist original licensure fee	175	210
<b>Annual renewal fees</b>		
pharmacist	175	210
pharmacy technician	50	60
pharmacy	260	300
drug wholesaler, legend drugs only	5,260	5,300
drug wholesaler, legend and nonlegend drugs	5,260	5,300
drug wholesaler, nonlegend drugs, veterinary legend drugs, or both	5,260	5,300
drug wholesaler, also licensed as a pharmacy in Minnesota	5,260	5,300
drug wholesaler, medical gases	5,260 for first facility and 260 for each additional	5,300 for first facility and 300 for each additional
Third party logistics provider	260	300
drug manufacturer, nonopiate legend drugs only	5,260	5,300
drug manufacturer, nonopiate legend and nonlegend drugs	5,260	5,300
drug manufacturer, nonlegend, veterinary legend drugs, or both	5,260	5,300
drug manufacturer, medical gases	5,260 for first facility and 260 for each additional facility	5,300 for first facility and 300 for each additional facility
drug manufacturer, also licensed as a pharmacy in Minnesota	5,260	5,300
drug manufacturer, opiate	55,260	55,300
medical gas dispenser	260	260
controlled substance researcher	75	150
pharmacy professional corporation	100	150
<b>Miscellaneous fees</b>		
intern affidavit	20	30
duplicate small license	20	30
duplicate large certificate	30	30
<b>Reinstatement fees</b>		
Pharmacy technician (reinstatement)	90	250

### Calculations

<b>Fee Name</b>	<b>New Fee</b>	<b>2022 # Paying</b>	<b>2024 Estimate*</b>	<b>2024 # Paying</b>	<b>2025 Estimate*</b>
Intern Affidavit Fee	\$30.00	31	\$900.00	30	\$900.00
New Tech Fee	\$60.00	2,815	\$150,000.00	2,500	\$150,000.00
MNFCTR Lic	\$5,300.00	4	\$1,200.00	4	\$1,200.00
MNFCTR Gas	\$5,300.00	103	\$24,000.00	80	\$24,000.00
MNFCTR Non-RX	\$5,300.00	38	\$10,500.00	35	\$10,500.00
WHLSLR Lic (pharm/whlsr code)	\$5,300.00	0	\$0.00	0	\$0.00
WHLSLR Gas	\$5,300.00	41	\$12,000.00	40	\$12,000.00
Phar Renewal	\$210.00	9,297	\$1,890,000.00	9,000	\$1,890,000.00
Pharmacists: Late Fee	\$105.00	85	\$9,000.00	80	\$9,000.00
Pharmacists: Arrears		0	\$0.00	0	\$0.00
Pharmacists: Exam Fee	\$210.00	307	\$58,800.00	280	\$58,800.00

Fee Name	New Fee	2022 # Paying	2024 Estimate*	2024 # Paying	2025 Estimate*
Pharmacists: Original Fee	\$210.00	279	\$52,500.00	250	\$52,500.00
Pharmacists: Reciprocity Fee	\$300.00	193	\$48,000.00	160	\$48,000.00
Pharmacists: Intern Regist Fee	\$75.00	378	\$24,375.00	325	\$24,375.00
Pharmacy: License Fee	\$300.00	2,070	\$570,000.00	1,900	\$570,000.00
Pharmacy: Late Fee	\$150.00	43	\$5,250.00	35	\$5,250.00
Pharmacy: Arrears		0	\$0.00	0	\$0.00
Wholesaler Lic Fee (legend)	\$5,300.00	923	\$262,500.00	875	\$262,500.00
Wholesaler Late Fee	\$150.00	39	\$4,500.00	30	\$4,500.00
Wholesaler in Arrears		0	\$0.00	0	\$0.00
Manufacture License	\$5,300.00	1,035	\$285,000.00	950	\$285,000.00
Manufacture Late Fee	\$150.00	39	\$4,500.00	30	\$4,500.00
Manufacture in Arrears		0	\$0.00	0	\$0.00
Corporation Fee	\$150.00	5	\$750.00	5	\$750.00
Drug Researcher Fees	\$150.00	8	\$750.00	5	\$750.00
Researcher Late Fee	\$75.00	0	\$0.00	0	\$0.00
Med Gas Dist Lic Fee	\$260.00	121	\$29,900.00	115	\$29,900.00
Medical Gas Late Fee	\$130.00	8	\$390.00	3	\$390.00
Duplicate License	\$30.00	188	\$3,000.00	100	\$3,000.00
Duplicate Certificate	\$30.00	10	\$150.00	5	\$150.00
Proceedings Costs		0	\$0.00	0	\$0.00
Pharmacy Service Charge		0	\$0.00	0	\$0.00
Phar Tec Fee	\$60.00	8702	\$492,000.00	8200	\$492,000.00
Phar Tech Late Fee	\$30.00	514	\$12,000.00	400	\$12,000.00
New PHCY Lic	\$300.00	191	\$45,000.00	150	\$45,000.00
WHLSLR Non-RX	\$5,300.00	37	\$6,000.00	20	\$6,000.00
<b>Total Fee Revenue</b>			<b>\$4,002,925.00</b>		<b>\$4,002,925.00</b>
<b>Previous Projected Fee Revenue</b>			<b>\$3,703,492.33</b>		<b>\$3,406,405.00</b>
<b>Extra Revenue with fee increase</b>			<b>\$596,520.00</b>		<b>\$596,520.00</b>

**\*Note:** For the 2024 and 2025 estimates shown above, the \$5,000 and \$55,000 are excluded from the amount of revenue the Board of Pharmacy is expected to collect in its operating account (H7D1111). While the Board is involved in the collection of fees for the opioid epidemic response fund, no dollars are utilized by the Board for its operation. This is per Minnesota Statutes Section 151.065 subdivision 7:

*“Subd. 7. Deposit of fees.*

*(a) The license fees collected under this section, with the exception of the fees identified in paragraphs (b) and (c), shall be deposited in the state government special revenue fund.*

*(b) \$5,000 of each fee collected under subdivision 1, clauses (6) to (9), and (11) to (15), and subdivision 3, clauses (4) to (7), and (9) to (13), and \$55,000 of each fee collected under subdivision 1, clause (16), and subdivision 3, clause (14), shall be deposited in the opiate epidemic response fund established in section [256.043](#).”*

**Rationale/Background:**

The Board of Pharmacy’s operations are entirely fee supported and no General Fund dollars are received to provide services. The Board is granted authority to use these fees by the Minnesota Legislature to pay for all expenses incurred by the Board. Fees must be collected to cover direct and indirect expenditures, deposited as non-dedicated revenue into the State Government Special Revenue Fund (SGSRF). Both direct and indirect expenditures have increased in recent fiscal years and are expected to continue increasing for the Board in FY24

and FY25. The proposed increases in fees are critical to ensure that the Board will have sufficient funding to carry out its mission to protect the public. This includes maintenance of current services as well as advancement in the way the Board conducts business.

For the advancement of services, migrating away from paper applications and processes to electronic applications and processes is paramount to the future operation and success of the Board. The Board licenses, or registers 19,914 pharmacists, pharmacy interns, or pharmacy technicians. Similarly, the Board licenses 4,123 pharmacies, manufacturers, wholesalers, and medical gas distributors. The license renewal and applications for facilities are still paper applications and processes. While improvements have been made in the way the Board licenses individuals, components of the application are still paper. If a pharmacist, technician, or intern is seeking to update their name, address, or employment, they must do so using a paper application. Furthermore, given the volume of applications and manual processes, the Board has consistently had to pay licensing staff overtime during renewals. Migrating to ALIMS, a licensing application utilized by 14 other Minnesota health licensing boards, including the Board of Medical Practice and Nursing, is seen as the solution to eliminating the Board's paper applications and processes. The increase in fees is requested to support this project.

For maintenance of services, the Board utilizes the Attorney General's Office (AGO) for its legal services. In August, the AGO informed the health licensing boards that rates for legal services in FY24-FY25 will increase. Specifically, there will be a 9% increase for attorneys and a 15% increase for legal assistants. AGO fees are a significant and highly variable expense for the Board. As the volume of complex disciplinary matters and contested cases rise, so does the Board's utilization of the AGO for legal services. In FY21, the Board spent \$207,076 on AGO fees. With the revisions made to Minnesota Statutes Section 151.72, regarding hemp-derived cannabinoid products for human consumption, the reliance on the AGO for legal counsel has also significantly increased. As such, the increase in fees is needed to cover the Board's anticipated increase in expenses from the AGO in FY24 and FY25.

Additionally, for maintenance, the cost of the Board's rent has more than doubled with the relocation to St. Paul. With this, the cost of relocating also prevented the Board from hiring a vacant pharmacist surveyor position. With the absence of this key staff and the COVID-19 pandemic, the volume of inspections of Minnesota-licensed facilities has decreased. By restoring the number of pharmacy surveyors on staff, the Board will be able to better serve the public as pharmacies, wholesalers, and manufacturers, are inspected in a timelier manner and more complaints are investigated and resolved within 12 months of receipt. Additional needs for maintenance of Board services include: an increase in travel-related expenses as pharmacist surveyors travel around the state inspecting facilities; an increase for expert witnesses who are called to testify when disciplinary matters are contested; and an increase in rent which has more than doubled from the Board's previous location.

**Proposal:**

The request to increase fees is intended to ensure that the Board will have sufficient funds to carry out its mission of protecting the public. If granted, the Board will seek immediate implementation. This includes working with ALIMS for the advancement of Pharmacy's electronic applications and procedures as well as hiring the vacant pharmacist surveyor position. If the fee increase is not granted, the Board will be forced to reduce its staff. Personnel costs account for approximately 70.2% of the Board's expenditures, with rent and IT costs accounting for most of the rest. Rent cannot be reduced, nor can many of the IT-related expenses, so there would be no choice but to reduce the staff if this proposal is not accepted. This will result in even fewer facility inspections being completed, longer response times for complaints, delayed disciplinary actions, delayed issuance of licenses and registrations, etc. Collectively, these changes will have an adverse impact on public health and safety. Furthermore, these changes will negatively impact existing staff, including morale.

- Per the Commissioner's Plan, the hourly rate for a pharmacist surveyor ranges from \$50.00 to \$73.54. Without benefits, this equates to a compensation of \$104,400 to \$153,552. With benefits, the amount ranges from \$144,124 to \$200,107.



- The in-state travel expenses are expected to increase for the pharmacy surveyors, especially, if the vacant pharmacist position is filled. With constraints of the COVID-19 pandemic easing, the existing six pharmacy surveyors have been conducting more in-person inspections and investigations. Expenses for July 2022 alone were just under \$2,000 and this was without them operating at full inspection capacity (due to the volume of complaints). This number is expected to greatly increase as the fiscal year continues and the COVID-19 pandemic restrictions continue to relax.
- The indirect expenditures of the Board of Pharmacy, specifically, the attorney general office's fees for legal counsel are expected to increase. This is on the brink of edible cannabinoids having been placed under the Board of Pharmacy's purview as well the 9% increase in attorney fees and 15% increase in for legal assistants from the AGO.
- The Board's MNIT Enterprise Services as well as maintenance professional and technical contract expenses continue to increase. MNIT will be hiring an additional staff whose salary will be shared amongst the boards. These increases are expected to be roughly \$11,000 annually for the Board and are considered maintenance expenses.
- The increase in rent is also a maintenance fee which has increased. Previously, rent was roughly \$90,000 for the Board of Pharmacy. The new sublease at the St. Paul location ranges from \$219,508 to \$270,043 over the next nine years.
- The operational advancement to ALIMS is projected to cost the Board \$328,000 in FY24, \$190,000 in FY25, and \$40,000 thereafter for system maintenance. The costs and phases are summarized below:
  - FY24 at \$328,000: Migration of data and processes outside of Board's existing licensing system (GLSuites) to ALIMS
  - FY25 at \$190,000: Inclusion of additional features and modules in ALIMS (e.g., Updating the board's website to include public disciplinary orders)
  - FY26 and thereafter at \$40,000: System maintenance contract

The increase in fees will allow the Board to best serve the public through the aforementioned efforts. The agency will measure the success of the proposal using performance metrics. This includes the following:

- Assessing pharmacist surveyor performance of the volume of inspections completed per month and year, the volume of inspections completed per month and year, and the percentage of facilities inspected annually, compared to years prior. Additionally, the percentage of complaints received and resolved in 12 months, compared to years prior.
- Closely monitoring the Board's direct expenditures including rent, expert witnesses, travel-related expenses, and MNIT
- Closely assessing the Board's indirect expenditures and legal needs from the attorney general's office
- Evaluating the satisfaction and user experience with the Board's online applications and processes
- Retention of board staff
- Feedback from the Board's clientele
- Amount of overtime needed during license renewals

**Equity and Inclusion:**

This proposal has no direct impact, either positive or negative on equity and inclusion. The groups in question would be no more likely (or less likely) to see a decrease in service as compared to the population as a whole.

**Tribal Consultation:**

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

- Yes
- No

**Results:**

Performance measures will be used to assess the impact of the proposal (see table below). The impact of hiring the pharmacist surveyor is expected to show an increase in volume of facilities inspected and complaints investigated. The implementation of ALIMS is expected to result in a decreased volume of paper applications and renewals and an increase in electronic processes for licensees and registrants. We anticipate the end-result of ALIMS to show a favorable user experience and are considering administering a survey to gauge user experience and satisfaction. Additionally, with the maintenance cost of ALIMS only being \$40,000 annually, the Board will experience long-term cost savings for this professional/technical contract. Furthermore, the amount of licensing staff overtime will be compared pre-ALIMS to post-ALIMS on an annual basis.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous FY 2018-2019</i>	<i>Current FY 2021-2022</i>
Quantity	Number of in-state facility inspections completed annually	589 (19%)	237 (8%)
Quantity	Number of new jurisdictional complaints received.	283	290*
Quantity	Percentage of paper applications and renewals	70%	70%
Quantity	Percentage of electronic applications and renewals	30%	30%
Quality	Percentage of complaints investigated and resolved within 12 months.	76.8%	60.3%

*\*This number does not include complaints received pertaining to hemp-derived products.*

If the fee increase is granted, the Board will also closely evaluate trends in the volume of individuals and businesses licensed or registered by the Board.

**Statutory Change(s):**

The Board’s fees are listed in Minn. Stats. §151.065, which will need to be amended.

# Board of Pharmacy

## FY 2024-25 Biennial Budget Change Item

### Change Item Title: ALIMS licensing software

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	328	190	40	40
Revenues			0	0
Net Fiscal Impact = (Expenditures – Revenues)	328	190	40	40
FTEs	0	0	0	0

### Recommendation:

The Governor recommends that the Board of Pharmacy appropriation be increased by \$328,000 in FY2024 and \$190,000 in FY2025. This represents a 7.5% increase in FY 2024 from the current base appropriation for FY 2024 and a 4.4% increase in FY25, compared to the baseline appropriation of \$4,403,000. The relevant fund is H7D1111. The Board is making this request so that it has the authority to expend the funds necessary to improve the operational efficiency of the Board by implementing a new licensing software system (ALIMS) that will allow the board to move from manual paper applications and processes to electronic applications and processes. After successful migration and implementation of ALIMS, the amount to maintain the system is \$40,000 annually.

### Rationale/Background:

The Board’s workload has significantly increased over the past decade. As of July 1, 2022, the Board licenses, or registers 19,914 pharmacists, pharmacy interns, and pharmacy technicians. Similarly, the Board licenses 4,123 pharmacies, manufacturers, wholesalers, and medical gas distributors. Compared to 2010, this is 3,020 more individuals licensed (18% increase) and 886 more facilities licensed (27%). For greater than a decade, board staff have manually reviewed and processed paper applications for facilities. While strides of improvement have occurred in the application and renewal process for pharmacists, interns, and technicians, there are limitations in the online application process, such that those requesting changes to their name, address, or employment, must still use a paper application. With the volume and manual process, the Board has consistently needed to pay staff overtime during renewals, year after year.

Furthermore, the Board has been tasked with increased responsibility and expectations; however, funding has not always matched the workload. This has resulted in the absorption of tasks by existing staff and further delayed Board operations. Most recently, the Board was tasked by the Legislature to enforce the new hemp-derived cannabinoid products. This most recent item has further strained our ability to provide the basic functions and services of the board. As a result, it is now of paramount important to improve upon inefficiencies in current processes and procedures.

### Proposal:

ALIMS is a software utilized by 14 other Minnesota health licensing boards. With the work ALIMS has done for the other boards, Pharmacy is able to take advantage of some of the conversion work as well as system enhancements, the other boards have previously requested, at no additional cost. The Board of Pharmacy is seeking to migrate to ALIMS from its existing software (GLSuites) in phases over several fiscal years. Phase 1 will focus on the configuration of applications and licenses, current functionality for complaints, and conversion of the

data from the Board’s existing software to ALIMS. Phase 2 will include the migration of other data and processes not in GLS to ALIMS, along with implementing additional online services and inspections. Phase 3 will consist of additional features and modules within the system that were not addressed during Phase 1 or 2 (e.g., placing public disciplinary orders on the board’s website as opposed to the current method of submitting data requests to board staff for fulfillment). As aforementioned, once the Board has migrated to ALIMS the annual cost for maintenance is only \$40,000. This is considerable savings from the annual costs associated with the Board’s current pharmacy application (~\$106,000 in FY22). The costs associated with this project are further itemized in the IT section of this request.

It is expected that all the Board’s clientele will benefit from the new licensing software. ALIMS allows the board to move to an entirely electronic application and renewal process. With appropriate configuration and mapping, when an applicant answers a question a certain way, they can continue to a predetermined path in the application process, as opposed to needing to complete a paper application. The user experience is expected to be significantly improved. Additionally, the staff time to review and process applications is expected to be expedited. An increase in productivity and morale are anticipated, along with a decrease in staff overtime.

If the increase in appropriation is approved, the board of pharmacy will begin implementation of ALIMS immediately.

**IT Costs**

<i>Category</i>	<i>FY 2024</i>	<i>FY 2025</i>	<i>FY 2026</i>	<i>FY 2027</i>	<i>FY 2028</i>	<i>FY 2029</i>
Payroll						
Professional/Technical Contracts	\$288,000 \$40,000	\$150,000 \$40,000	\$40,000	\$40,000	\$40,000	\$40,000
Infrastructure						
Hardware						
Software						
Training						
Enterprise Services						
Staff costs (MNIT or agency)						
<b>Total</b>	<b>328,000</b>	<b>190,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>
MNIT FTEs						
Agency FTEs						

**Results:**

As the Board transitions from GLS to ALIMS, performance measures will be evaluated, starting with applications and processes that are currently on paper and are moved to electronic processing.

Application or Process	Paper Process	Electronic Process
Manufacturer application	X	
Manufacturer renewal application	X	
Wholesaler application	X	
Wholesaler renewal application	X	
Pharmacy application	X	
Pharmacy renewal application	X	
3PL application	X	
3PL renewal application	X	
Medical gas dispenser application	X	
Medical gas dispenser renewal	X	
Controlled substance researcher application	X	
Controlled substance researcher renewal	X	
Professional firm	X	
Individual change form (employment, name, address)	X	
Pharmacist application		X
Pharmacist renewal		X
Pharmacy intern application		X
Pharmacy technician application		X
Pharmacy technician renewal		X
Preceptor application		X

As the Board progresses with the migration, we will rely heavily on user experience and feedback to gauge how the system and new processes are working. This in turn, will be communicated to ALIMS, for items that are going well or items that need improvement. The Board will consider distributing a survey to clientele to further measure user experience and satisfaction. Results of the survey will be shared with ALIMS for consideration for future migration of Minnesota health licensing boards. The Office Manager and Executive Director will also assess the accuracy of staff's processing applications in the new system.

Type of Measure	Name of Measure	Current Value	Date	Projected Value (without)	Projected Value (with)	Date
Quantity	Paper applications	70%	10/4/22	70%	0%	7/1/2023
Quality	User experience	Moderate to Adverse*	10/4/22	Moderate to Adverse	Favorable	7/1/2023
Results	Feedback from clientele	Moderate to Adverse*	10/4/22	Moderate to Adverse	Favorable	7/1/2023

*\*Subjective measure based on board staff experience. The Board has not previously surveyed clientele to give a more determinate value.*

Furthermore, the amount of licensing staff overtime will be evaluated pre-ALIMS to post-ALIMS.

**Tribal Consultation:**

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

Yes

No

**Statutory Change(s):**

If approved, this requires no change.

# Board of Pharmacy

# Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	FY 2022 Actual	FY 2023 Budget	FY 2024 Base	FY 2025 Base	Required State Match or MOE?	FTEs
U.S Department of Justice Office of Justice Programs CFDA 16.754	2018 Harold Rogers Prescription Drug Monitoring Program. Purpose: Further enhancement of the MN Prescription Monitoring Program.	\$ 220	\$ -	\$ -	\$ -	No	-
U.S Department of Justice Office of Justice Programs CFDA 16.754	2021 Harold Rogers Prescription Drug Monitoring Program. Purpose: Further enhancement of the MN Prescription Monitoring Program.	\$ -	\$ 90	\$ 847	\$ 621	No	-
<b>Federal Fund – Agency Total</b>		<b>\$ 220</b>	<b>\$ 90</b>	<b>\$ 847</b>	<b>\$ 621</b>		<b>-</b>

## Narrative

### 2018 Harold Rogers Prescription Drug Monitoring Program:

Funds were awarded to educate end users about the database and the updated functionalities; to ensure continued and accurate use of the system; create and distribute an educational tool; deploy analytics, visualization, and clinical intervention tools for system end users; expand the system’s report generation capabilities; travel to mandatory meetings as required by the grant conditions; and fund up to .38 FTE for grant management during the first year of the grant.

The creation and distribution of educational tools and resources is expected to cease within 12 months of the implementation of the updated system functionalities. There is a long-term commitment to continue to provide the enhanced version of the system, including the analytics, visualization and additional clinical tools and to expand the report generation capabilities of the system.

### 2021 Harold Rogers Prescription Drug Monitoring Program:

Funds were awarded to ensure continued and accurate use of the system; to travel to mandatory meetings as required by the grant conditions; to fund up to 1 FTE for enhanced reporting compliance efforts; and to continue and increase the availability of integrated, one-click access to the MN Prescription Monitoring Program (MN PMP). Integrated access allows authorized users to view patient reports from within their clinical workflow, without having to navigate to a separate website, login, and manually enter patient search criteria. This has a two-fold effect of saving clinicians time as well as increasing the utilization of the MN PMP.