

**Legislative  
Fiscal Office**

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**Joint Committee on  
Ways and Means**

Sen. Peter Courtney, Senate Co-Chair  
Rep. Nancy Nathanson, House Co-Chair

Sen. Betsy Johnson, Senate Co-Vice Chair  
Sen. Jackie Winters, Senate Co-Vice Chair  
Rep. Dan Rayfield, House Co-Vice Chair  
Rep. Greg Smith, House Co-Vice Chair

**To:** Education Subcommittee  
**From:** Kim To, Legislative Fiscal Office  
**Date:** February 20, 2018  
**Subject:** SB 5529 – Oregon Board of Pharmacy  
Work Session Recommendations

**Oregon Board of Pharmacy (OBOP) – Agency Totals**

	2015-17 Actual	2017-19 Legislatively Approved	2019-21 Current Service Level	2019-21 LFO Recommended
Other Funds	6,253,007	7,464,610	7,698,155	8,855,623
<b>Total Funds</b>	<b>\$6,253,007</b>	<b>\$7,464,610</b>	<b>\$7,698,155</b>	<b>\$8,855,623</b>
Positions	20	20	20	22
FTE	20.00	20.00	20.00	22.00

The 2019-21 LFO recommended budget for the Oregon Board of Pharmacy is 22 positions (22.00 FTE), and \$8,855,623 Other Funds. This is a 18.6% increase from 2017-19 Legislatively Approved Budget. The recommended budget is projected to leave the board with an ending balance of \$1,369,096, an equivalent of four months of operating funds. The attached recommendations from the Legislative Fiscal Office for the Oregon Board of Pharmacy contains the following:

**Adjustments to Current Service Level**

See attached “Work Session Presentation Report” dated 2/19/2019.

Note: Statewide adjustments are not included in these recommendations. Any needed adjustments will be made in end of session bills.

- Package 101: This package raises Other Funds revenue by \$2,411,800 by updating the board's fee schedule. The last time the board raised fees was in 2001. A proposed fee increase during the 2011-13 biennium was rolled back to 2001 rates. In 2015, the board instituted biennial licensure without a fee adjustment. Pharmacists, certified pharmacy technicians, and pharmacy technicians have been

receiving two years of license for the price of one year. This updated fee schedule will adjust for biennial licensure as well as address the increase costs of operations driven by changes in the focus of pharmacy practice and technological advances being incorporated into systems of drug distribution. This fee schedule update will help the board maintain an adequate cash flow and ending fund balance.

- Package 102: Increases Other Funds limitation by \$174,862 to cover DOJ fees. The board utilizes the DOJ flat-rate agreement to better anticipate legal costs. The flat-rate is evaluated each biennium based on the past 36 months of usage. 2015-17 usage caused the rate for 2017-19 to be \$144,000 higher than legislatively approved allocation; the agency worked to absorb this overage. However, even with a reduction of legal services during the first year of 2017-19, it is anticipated that with the 2019-21 pricelist inflation adjustment, an additional \$174,862 of DOJ resources will be required.
- Package 103: Increases Other Funds limitation by \$279,021 for ongoing technology support services including database administration, maintenance, operation and hosting services.
- Package 104: Increases Other Funds limitation by \$468,403 and authorizes the establishment of one Healthcare Investigator position and one Public Service Representative 3 position (2.00 FTE) to address a growing workload associated with the increased in number of applicants, licensees, and growing number of complex outlet license categories. These positions will support the work of compliance, inspections and investigations, as well as rulemaking efforts for the Board and Formulary Committee.
- Package 105: Increases Other Funds limitation by \$16,027 to provide per diem and travel reimbursement for the seven members of the Public Health and Pharmacy Formulary Advisory Committee established by HB 2397 (2017).
- Package 106: Reduces Other Funds limitation by (\$69,260) phasing out funds to support a partnership with Pacific University School of Pharmacy to offer a one-year fellowship designed to transition the fellow from a general practitioner to a regulatory pharmaceutical specialist. After one year of offering this fellowship, and one failed search for a fellow, LFO recommends the agency suspend the fellowship in order to reassess.
- Package 801: Increases Other Funds limitation by \$288,415, carrying forward funds for the agency to complete the implementation of its licensing and compliance database upgrade.

**Accept** LFO Recommendation:

**MOTION:** I move the LFO recommendation to SB 5529. (VOTE)

**OR**

**Change** LFO Recommendation:

**MOTION:** I move the LFO recommendation to SB 5529, with modifications. (VOTE)

**Performance Measures**

See attached “Legislatively Proposed 2019-21 Key Performance Measures.”

**Accept** LFO Recommendation:

MOTION: I move the LFO recommendation on Key Performance Measures. (VOTE)

OR

**Change** LFO Recommendation:

MOTION: I move the LFO recommendation on Key Performance Measures, with modifications. (VOTE)

**Recommended Changes**

LFO recommends amending SB 5529 by the following changes as reflected in the -1 amendment:

Section 1, Line 6      Delete {\$8,550,886} and insert “\$8,855,623”.

MOTION: I move adoption of the -1 amendment to SB 5529. (VOTE)

**Final Subcommittee Action**

LFO recommends that SB 5529, as amended by the -1 amendment, to be moved to the Ways and Means Full Committee.

MOTION: I move SB 5529, as amended, to the Full Committee with a do pass recommendation. (VOTE)

**Carriers**

Full Committee: \_\_\_\_\_

House Floor: \_\_\_\_\_

Senate Floor: \_\_\_\_\_

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
<b>2017-19 Agy. Leg. Adopted</b>	-	-	7,335,399	-	-	-	7,335,399	20	20.00
2017-19 Ebds, SS & Admin Act	-	-	129,211	-	-	-	129,211	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2017-19 Leg Approved Budget</b>	-	-	7,464,610	-	-	-	7,464,610	20	20.00
<b>2017-19 Leg Approved Budget (Base)</b>	-	-	7,464,610	-	-	-	7,464,610	20	20.00
Summary of Base Adjustments	-	-	194,389	-	-	-	194,389	-	-
<b>2019-21 Base Budget</b>	-	-	7,658,999	-	-	-	7,658,999	20	20.00
010: Non-PICS Pers Svc/Vacancy Factor	-	-	188,940	-	-	-	188,940	-	-
020: Phase In / Out Pgm & One-time Cost	-	-	(336,307)	-	-	-	(336,307)	-	-
030: Inflation & Price List Adjustments	-	-	186,523	-	-	-	186,523	-	-
<b>2019-21 Current Service Level</b>	-	-	7,698,155	-	-	-	7,698,155	20	20.00
<b>Adjusted 2019-21 Current Service Level</b>	-	-	7,698,155	-	-	-	7,698,155	20	20.00
<b>Total LFO Recommended Packages</b>	-	-	1,157,468	-	-	-	1,157,468	2	2.00
<b>2019-21 Legislative Actions</b>	-	-	8,855,623	-	-	-	8,855,623	22	22.00
Net change from 2017-19 Leg Approved Budget	-	-	1,391,013	-	-	-	1,391,013	2	2.00
Percent change from 2017-19 Leg Approved Budget	0.0%	0.0%	18.6%	0.0%	0.0%	0.0%	18.6%	10.0%	10.0%
Net change from 2019-21 Adj Current Service Level	-	-	1,157,468	-	-	-	1,157,468	2	2.00
Percent change from 2019-21 Adj Current Service Level	0.0%	0.0%	15.0%	0.0%	0.0%	0.0%	15.0%	10.0%	10.0%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
<b>2017-19 Agy. Leg. Adopted</b>	-	-	7,335,399	-	-	-	7,335,399	20	20.00
2017-19 Ebds, SS & Admin Act	-	-	129,211	-	-	-	129,211	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2017-19 Leg Approved Budget</b>	-	-	7,464,610	-	-	-	7,464,610	20	20.00
<b>2017-19 Leg Approved Budget (Base)</b>	-	-	7,464,610	-	-	-	7,464,610	20	20.00
Summary of Base Adjustments	-	-	194,389	-	-	-	194,389	-	-
<b>2019-21 Base Budget</b>	-	-	7,658,999	-	-	-	7,658,999	20	20.00
010: Non-PICS Pers Svc/Vacancy Factor	-	-	188,940	-	-	-	188,940	-	-
020: Phase In / Out Pgm & One-time Cost	-	-	(336,307)	-	-	-	(336,307)	-	-
030: Inflation & Price List Adjustments	-	-	186,523	-	-	-	186,523	-	-
<b>2019-21 Current Service Level</b>	-	-	7,698,155	-	-	-	7,698,155	20	20.00
<b>Adjusted 2019-21 Current Service Level</b>	-	-	7,698,155	-	-	-	7,698,155	20	20.00
<b>Total LFO Recommended Packages</b>	-	-	1,157,468	-	-	-	1,157,468	2	2.00
<b>2019-21 Legislative Actions</b>	-	-	8,855,623	-	-	-	8,855,623	22	22.00
Net change from 2017-19 Leg Approved Budget	-	-	1,391,013	-	-	-	1,391,013	2	2.00
Percent change from 2017-19 Leg Approved Budget	0.0%	0.0%	18.6%	0.0%	0.0%	0.0%	18.6%	10.0%	10.0%
Net change from 2019-21 Adj Current Service Level	-	-	1,157,468	-	-	-	1,157,468	2	2.00
Percent change from 2019-21 Adj Current Service Level	0.0%	0.0%	15.0%	0.0%	0.0%	0.0%	15.0%	10.0%	10.0%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 101 License Fee Increases**

Package Description This package raises Other Funds revenue by \$2,411,800 by updating the board's fee schedule. The last time the board raised fees was in 2001. A proposed fee increase during the 2011-13 biennium was rolled back to 2001 rates. In 2015, the board instituted biennial licensure without a fee adjustment. Pharmacists, certified pharmacy technicians, and pharmacy technicians have been receiving two years of license for the price of one year. This updated fee schedule will adjust for biennial licensure as well as address the increase costs of operations. This fee schedule update will help the board maintain an adequate cash flow and ending fund balance.

LFO Recommendation LFO Recommended.

<b>LFO Recommended</b>	-	-	-	-	-	-	-	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 102 DOJ Expenditure Increase**

Package Description This package increases Other Funds limitation by \$174,862 for DOJ fees. The board utilizes the DOJ flat-rate agreement to better anticipate legal costs. The flat-rate is evaluated each biennium based on the past 36 months of usage. 2015-17 usage caused the rate for 2017-19 to be \$144,000 higher than legislatively approved allocation; the agency has worked to absorb this overage. However, even with a reduction of legal services during the first year of 2017-19, it is anticipated that with the 2019-21 pricelist inflation adjustment, an additional \$174,862 of DOJ resources will be required.

LFO Recommendation LFO Recommended.

LFO Recommended	-	-	174,862	-	-	-	174,862	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 103 Database Cloud Hosting**

Package Description This package increases Other Funds limitation by \$279,021 to fund ongoing technology support services including cloud hosting and database administration and maintenance.

LFO Recommendation LFO Recommended.

<b>LFO Recommended</b>	-	-	279,021	-	-	-	279,021	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 104 Compliance & Licensing Staffing**

Package Description This package increases Other Funds limitation by \$468,403 and authorizes the establishment of one Healthcare Investigator position and one Public Service Representative 3 position (2.00 FTE) to address a growing workload associated with the increased in number of applicants, licensees, and growing number of complex outlet license categories. These positions will support the work of inspections and investigations, as well as rulemaking efforts for the Board and Formulary Committee.

LFO Recommendation LFO Recommended.

<b>LFO Recommended</b>	-	-	468,403	-	-	-	468,403	2	2.00
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 105 Formulary Per Diem & Expense Funding**

Package Description This package increases Other Funds limitation by \$16,027 to provide per diem and travel reimbursement for the seven members of the Public Health and Pharmacy Formulary Advisory Committee established by HB 2397 (2017).

LFO Recommendation LFO Recommended.

<b>LFO Recommended</b>	-	-	16,027	-	-	-	16,027	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 106 OBOP/Pacific Fellowship Continuation**

Package Description This package reduces Other Funds limitation by (\$69,260), phasing out funds to support a partnership with Pacific University School of Pharmacy to offer a one-year fellowship designed to transition the fellow from a general practitioner to a regulatory pharmaceutical specialist. After one year of offering this fellowship, and one failed search for a fellow, LFO recommends the agency suspend the fellowship in order to reassess.

LFO Recommendation LFO Recommended.

LFO Recommended	-	-	(69,260)	-	-	-	(69,260)	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 801 LFO Analyst Adjustments**

Package Description This package increases Other Funds limitation by \$288,415, carrying forward funds for the agency to complete the implementation of its licensing and compliance database upgrade.

LFO Recommendation LFO Recommended.

<b>LFO Recommended</b>	-	-	288,415	-	-	-	288,415	-	-
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# Legislatively Proposed 2019 - 2021 Key Performance Measures

Published: 2/19/2019 1:12:11 PM

**Agency:** Pharmacy, Board of

**Mission Statement:**

The mission of the Oregon State Board of Pharmacy is to promote, preserve and protect the public health, safety and welfare by ensuring high standards in the practice of pharmacy and by regulating the quality, manufacture, sale and distribution of drugs.

Legislatively Proposed KPMs	Metrics	Agency Request	Last Reported Result	Target 2020	Target 2021
1. Percent of inspected pharmacies that are in compliance annually.		Approved	82%	85%	85%
2. Percent of audited pharmacists who complete continuing education on time.		Approved	96.40%	0%	95%
3. Percent of pharmacies inspected annually.		Approved	100%	100%	100%
4. Average number of days to complete an investigation from complaint to board presentation.		Approved	106	100	100
5. CUSTOMER SERVICE - Percent of Customers Rating Their Satisfaction With the Agency's Customer Service as "Good" or "Excellent" : Overall Customer Service, Timeliness, Accuracy, Helpfulness, Expertise, and Availability of Information.	Timeliness	Approved	82%	90%	90%
	Expertise		95%	95%	95%
	Accuracy		91%	90%	90%
	Helpfulness		91%	90%	90%
	Overall		91%	90%	90%
	Availability of Information		88%	90%	90%
6. Board Best Practices - Percent of total best practices met by the Board.		Approved	100%	100%	100%

**LFO Recommendation:**

For KPM #2, LFO recommends the agency reports information only in odd number years when pharmacists renew their license and are audited.

For the remaining KPMs, LFO recommends approval of KPMs and targets as presented.

**SubCommittee Action:**

SB 5529-1  
(LC 9529)  
2/14/19 (DFY/ps)

Requested by JOINT COMMITTEE ON WAYS AND MEANS

**PROPOSED AMENDMENTS TO  
SENATE BILL 5529**

1 In line 6 of the printed bill, delete "\$8,550,886" and insert "\$8,855,623".

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