

BOARD OF PHARMACY

Expenditure	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	1,827,469	2,121,982	2,121,982	2,177,382	2,177,382
<i>Subtotal</i>	<i>\$ 1,827,469</i>	<i>\$ 2,121,982</i>	<i>\$ 2,121,982</i>	<i>\$ 2,177,382</i>	<i>\$ 2,177,382</i>
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	0	0
<i>Subtotal</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 0</i>
TOTAL	\$ 1,827,469	\$ 2,121,982	\$ 2,121,982	\$ 2,177,382	\$ 2,177,382

Percentage Change:

Operating Expenditures					
State General Fund	-- %	-- %	-- %	-- %	-- %
All Funds	49.5	16.1	16.1	2.6	2.6
FTE Positions	12.0	12.0	12.0	12.0	12.0

About This Analysis. For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

AGENCY OVERVIEW

The Board of Pharmacy is responsible for the enforcement of the Pharmacy Act and the Controlled Substance Act. The mission of the Board is to ensure all persons and entities conducting business relating to the practice of pharmacy in Kansas are properly licensed and registered to protect public health, safety, and welfare and to promote understanding of pharmacy-related practices. The seven-member Board is appointed by the Governor for overlapping four-year terms and is composed of six licensed pharmacists and one public member.

MAJOR ISSUES FROM PRIOR YEARS

The **2008 Legislature** passed HB 2578, the Utilization of Unused Medications Act, which creates a voluntary program in which adult-care homes, mail service pharmacies, and medical care facilities can donate unused medications to indigent health clinics, federally qualified health centers, or community health centers for distribution to medically indigent Kansas residents. The Board assisted the Kansas Department of Health and Environment in establishing a clearinghouse whereby all drugs could be donated to one location.

The **2008 Legislature** also passed House Sub. for SB 491, which created the Prescription Monitoring Program to monitor Schedule II through Schedule IV substances and other drugs of concern. The Board is required to develop and maintain a database of prescriptions for controlled substances and drugs of concern as a tool for pharmacists to monitor for patients misusing, abusing, or diverting controlled substances.

The **2009 Legislature** authorized the creation of a statewide electronic logging system for the sale of methamphetamine precursors in pharmacies. The legislation required the Board to establish and provide the electronic system at no cost to the pharmacy. The Legislature did not fund the project, but the agency did receive permission to accept donations, gifts, or grants for funding of this project.

The **2009 Legislature** also permitted the Board to fingerprint or perform a background check on any original or reinstatement license applicant as a consumer protection action. Applicants are required to pay the fee associated with a Kansas Bureau of Investigation fingerprint or background check. The agency collects these funds, which then go directly to the Kansas Bureau of Investigation.

The **2010 Legislature** expanded the Utilization of Unused Medications Act to permit out-of-state mail order pharmacies to donate unused drugs.

The **2012 Legislature** passed SB 134, which requires the Board to conduct a study, in consultation with industry, on electronic transmission of prior authorization and step therapy programs relating to prescription medication. The study was to be completed and submitted to the Legislature by January 15, 2013. The agency also is authorized to conduct pilot projects for new technology implementation when necessary, but no state moneys may be used for the pilot projects.

SB 134 also expanded the Prescription Drug Monitoring Program to send information to physicians, dispensers, and law enforcement if a patient appears to be misusing, abusing, or diverting controlled substances. The law allows medical examiners to access the Prescription Drug Monitoring Program to investigate and determine cause of death.

In addition, SB 134 authorized the agency to apply for and accept grants, and to accept any donations, gifts, or bequests to further the Prescription Monitoring Program. Any funding received by the agency is submitted for deposit to the State Treasury to the credit of Non-Federal Gifts and Grants Fund of the agency.

The **2014 Legislature** passed Senate Sub. for HB 2146, which gives the agency authority to require pharmacy technicians to pass examinations and meet continuing education requirements and requires the agency to license pharmacy interns. The bill also added collaborative drug therapy management as a class of pharmacy practice, eliminated single registration for manufacturers and distributors operating multiple facilities, and changed the timing for license renewals.

The **2017 Legislature** approved transfers into the Pharmacy Fee Fund from the agencies that regulate a profession with prescribing authority: the Board of Healing Arts, the Board of Nursing, the Dental Board, and the Optometry Board.

The **2017 Legislature** passed HB 2030, which changed the minimum age from 18 to 12 years of age for a person to whom a pharmacist, pharmacy student, or pharmacy intern may administer a vaccine, other than the influenza vaccine. In addition, HB 2030 allows individuals or parents/guardians of a minor to opt-out of the existing requirements to report all immunizations to appropriate county or state registries.

The **2017 Legislature** passed Senate Sub. for HB 2055, which made various amendments to the Kansas Pharmacy Act. The bill deleted, added, or modified definitions to be consistent with federal standards; inserted provisions to bring the Act into compliance with federal law; modified requirements for wholesale distributors; inserted requirements for an automated dispensing system, a third-party logistics provider, and an outsourcing facility; changed requirements for pharmacy technicians; set caps on registration fees for third-party logistics providers, outsourcing facilities, repackagers, and automated dispensing systems; and expanded the rules and regulations authority of the Board in several areas.

The **2017 Legislature** passed HB 2217, which amended the Kansas Pharmacy Act to create standards governing the use of emergency opioid antagonists approved by the FDA to treat an opioid overdose. The bill requires the Board to issue a statewide opioid antagonist protocol. Additionally, the bill provides protection from civil and criminal liability for individuals acting in good faith and with reasonable care in administering an opioid antagonist.

The **2017 Legislature** passed House Sub. for SB 51, which added several drugs to and modified drug classes under the Uniform Controlled Substance Act. The bill also expanded the authority of the Board to provide greater flexibility in the emergency scheduling of controlled substance analogs (also known as “designer drugs”) and new drugs, and amended the duration of the temporary scheduling by the Board.

BUDGET SUMMARY AND KEY POINTS

FY 2018 – Current Year. The **agency** requests a revised estimate of \$2.1 million, all from special revenue funds, in FY 2018. This is an increase of \$667,966, or 45.9 percent, above the approved FY 2018 budget. This increase is primarily attributable to federal grant funds received for the enhancement of the Prescription Drug Monitoring Program (K-TRACS). The remainder of the increase is attributable to background check fees paid directly to the Kansas Bureau of Investigation (KBI) not previously accounted for in the agency budget. The agency estimate includes 12.0 FTE positions, which is 1.0 FTE position less than the approved number. A 1.0 FTE position was reclassified as a temporary position in FY 2018.

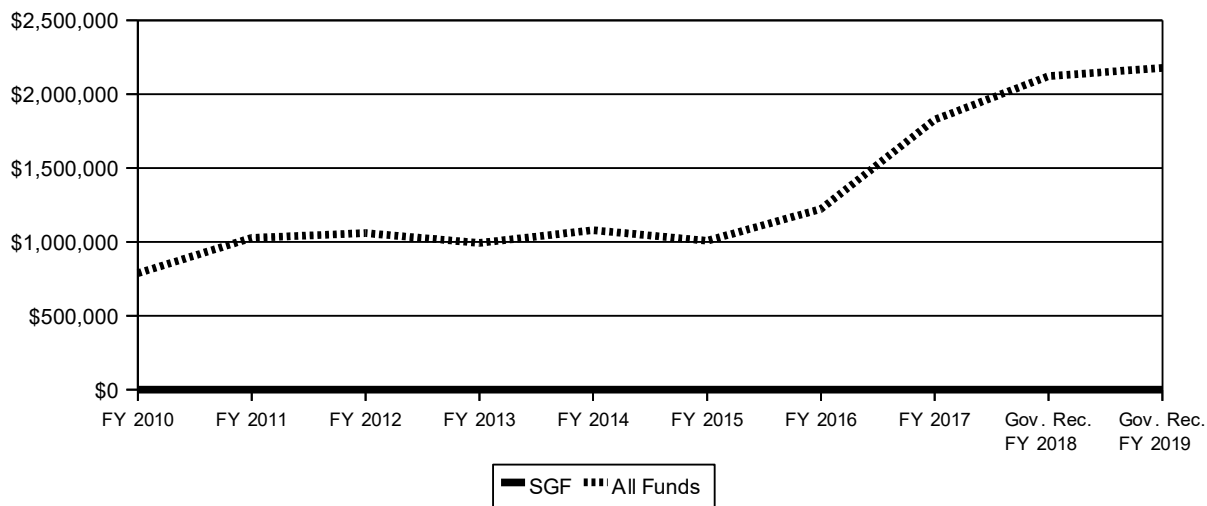
The **Governor** concurs with the agency’s revised estimate in FY 2018.

FY 2019 – Budget Year. The **agency** requests a revised estimate of \$2.2 million, all from special revenue funds, for FY 2019. This is an increase of \$690,963, or 46.5 percent, above the approved FY 2019 budget. This increase is primarily attributable to federal grant funds received for the enhancement of the Prescription Drug Monitoring Program (K-TRACS). The remainder of the increase is attributable to background check fees paid directly to the Kansas Bureau of Investigation (KBI) not previously accounted for in the agency budget. The agency estimate includes 12.0 FTE positions, which is 1.0 FTE position less than the approved number. A 1.0 FTE position was reclassified as a temporary position for FY 2019.

The **Governor** concurs with the agency’s revised estimate for FY 2019.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2010 – FY 2019



OPERATING EXPENDITURES FY 2010 – FY 2019

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2010	\$ 0	-- %	\$ 787,517	13.5 %	8.0
2011	0	--	1,026,676	30.4	8.0
2012	0	--	1,058,908	3.1	10.0
2013	0	--	992,663	(6.3)	10.0
2014	0	--	1,079,214	8.7	9.0
2015	0	--	1,006,901	(6.7)	11.0
2016	0	--	1,222,327	21.4	11.0
2017	0	--	1,827,469	49.5	12.0
2018 Gov. Rec.	0	--	2,121,982	16.1	12.0
2019 Gov. Rec.	0	--	2,177,382	2.6	12.0
Ten-Year Change Dollars/Percent	\$ 0	-- %	\$ 1,389,865	176.5 %	4.0

Summary of Operating Budget FY 2017 - FY 2019

Board of Pharmacy

	Actual FY 2017	Agency Estimate				Governor's Recommendation			
		Estimate FY 2018	Estimate FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18
By Program:									
Administration	\$ 1,827,469	\$ 2,121,982	\$ 2,177,382	\$ 55,400	2.6 %	\$ 2,121,982	\$ 2,177,382	\$ 55,400	2.6 %
By Major Object of Expenditure:									
Salaries and Wages	\$ 842,093	\$ 969,465	\$ 994,880	\$ 25,415	2.6 %	\$ 969,465	\$ 994,880	\$ 25,415	2.6 %
Contractual Services	361,855	670,267	697,384	27,117	4.0	670,267	697,384	27,117	4.0
Commodities	21,227	28,000	25,000	(3,000)	(10.7)	28,000	25,000	(3,000)	(10.7)
Capital Outlay	82,513	38,500	44,368	5,868	15.2	38,500	44,368	5,868	15.2
Debt Service	0	0	0	0	--	0	0	0	--
<i>Subtotal-Operations</i>	<i>\$ 1,307,688</i>	<i>\$ 1,706,232</i>	<i>\$ 1,761,632</i>	<i>\$ 55,400</i>	<i>3.2 %</i>	<i>\$ 1,706,232</i>	<i>\$ 1,761,632</i>	<i>\$ 55,400</i>	<i>3.2 %</i>
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	519,781	415,750	415,750	0	--	415,750	415,750	0	--
TOTAL	\$ 1,827,469	\$ 2,121,982	\$ 2,177,382	\$ 55,400	2.6 %	\$ 2,121,982	\$ 2,177,382	\$ 55,400	2.6 %
Financing:									
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	-- %	\$ 0	\$ 0	\$ 0	-- %
Board of Pharmacy Fee Fund	1,248,205	1,561,016	1,596,419	35,403	2.3	1,561,016	1,596,419	35,403	2.3
Harold Rogers Prescription Fund	123,318	0	0	0	--	0	0	0	--
Prescription Drug Overdose - DDPI	455,946	560,966	580,963	19,997	3.6	560,966	580,963	19,997	3.6
All Other Funds	0	0	0	0	--	0	0	0	--
TOTAL	\$ 1,827,469	\$ 2,121,982	\$ 2,177,382	\$ 55,400	2.6 %	\$ 2,121,982	\$ 2,177,382	\$ 55,400	2.6 %

BUDGET OVERVIEW

A. FY 2018 – Current Year

Adjustments to Approved State General Fund Budget

The agency’s revised estimate does not include any State General Fund expenditures.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2018	Agency Estimate FY 2018	Agency Change from Approved	Governor Rec. FY 2018	Governor Change from Approved
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	1,454,016	2,121,982	667,966	2,121,982	667,966
TOTAL	\$ 1,454,016	\$ 2,121,982	\$ 667,966	\$ 2,121,982	\$ 667,966
FTE Positions	13.0	12.0	(1.0)	12.0	(1.0)

The **agency** requests a revised estimate of \$2.1 million, all from special revenue funds, in FY 2018. This is an increase of \$667,966, or 45.9 percent, above the approved FY 2018 budget. This increase is attributable to increased funding from federal grants for the enhancement of the Prescription Drug Monitoring Program (PDMP) K-TRACS. The revised estimate also includes an increase of \$107,000, attributable to background check fees paid directly to the Kansas Bureau of Investigation (KBI) not previously accounted for in the agency budget. This request includes the following categories of expenditures:

- Salaries and Wages.** The agency requests expenditures of \$969,465 for salaries and wages in FY 2018. This is an increase of \$110,433, or 12.9 percent, above the amount approved in FY 2018. This increase is attributable to federal grant funding for a Program Manager and a K-TRACS epidemiologist. The agency estimate includes 12.0 FTE positions, which is 1.0 FTE position less than the approved number. A 1.0 FTE position was reclassified as a temporary position in FY 2018.
- Contractual Services.** The agency requests expenditures of \$670,267 for contractual services in FY 2018. This is an increase of \$204,383, or 43.9 percent, above the amount approved in FY 2018. This increase is attributable to increased expenditures to cover operating expenditures and software expenditures for the PDMP. Additionally, \$107,000 of this increase is attributable to background check fees paid directly to the KBI not previously accounted for in the agency budget;
- Commodities.** The agency requests expenditures of \$28,000 for commodities in FY 2018. This is an increase of \$7,400, or 35.9 percent, above the amount approved in FY 2018. This increase is partially attributable to increased gasoline prices for the agency’s vehicles. The agency anticipates increases in gas prices and higher fuel expenditures due to adding a vehicle for a part-time inspector. Additionally, the agency increased expenditures for other supplies and materials

as the agency will be hosting two regional pharmacy conferences in FY 2018; and

- **Capital Outlay.** The agency requests expenditures of \$38,500 for capital outlay in FY 2018. This is a decrease of \$70,000, or 64.5 percent, below the approved amount. This decrease is attributable to decreased expenditures for computer software.

The **Governor** concurs with the agency’s revised estimate in FY 2018.

B. FY 2019 – Budget Year

Adjustments to Approved State General Fund Budget

The agency’s revised estimate does not include any State General Fund expenditures.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2019	Agency Estimate FY 2019	Agency Change from Approved	Governor Rec. FY 2019	Governor Change from Approved
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	1,486,419	2,177,382	690,963	2,177,382	690,963
TOTAL	\$ 1,486,419	\$ 2,177,382	\$ 690,963	\$ 2,177,382	\$ 690,963
FTE Positions	13.0	12.0	(1.0)	12.0	(1.0)

The **agency** requests a revised estimate of \$2.2 million, all from special revenue funds, for FY 2019. This is an increase of \$690,963, or 46.5 percent, above the approved FY 2019 budget. This increase is attributable to increased funding from federal grants for the enhancement of the Prescription Drug Monitoring Program (PDMP) K-TRACS. The revised estimate also includes an increase of \$110,000 attributable to background check fees paid directly to the Kansas Bureau of Investigation (KBI) not previously accounted for in the agency budget. This request includes the following categories of expenditures:

- **Salaries and Wages.** The agency requests expenditures of \$994,880 for salaries and wages for FY 2019. This is an increase of \$122,711, or 14.1 percent, above the amount approved for FY 2019. This increase is attributable to federal grant funding for a Program Manager and a K-TRACS epidemiologist. The agency estimate includes 12.0 FTE positions, which is 1.0 FTE position less than the approved amount. A 1.0 FTE position was reclassified as a temporary position for FY 2019;
- **Contractual Services.** The agency requests expenditures of \$697,384 for contractual services for FY 2019. This is an increase of \$215,634, or 44.8 percent, above the amount approved for FY 2019. This increase is attributable to increased expenditures to cover operating expenditures and software rental expenditures for the PDMP. Additionally, \$110,000 of this increase is attributable to background check fees paid directly to the KBI not previously accounted for in the agency budget;

- **Commodities.** The agency requests expenditures of \$25,000 for commodities for FY 2019. This is an increase of \$2,500, or 11.1 percent, above the amount approved for FY 2019. This increase is attributable to increased expenditures on gasoline for agency vehicles and professional scientific supplies. The agency anticipates increases in gas prices and higher fuel expenditures due to adding a vehicle for a part-time inspector. Additionally, the agency renewed its subscription to NABP Law Online in order to access pharmacy laws and regulations for other states; and
- **Capital Outlay.** The agency requests expenditures of \$44,368 for capital outlay for FY 2019. This is a decrease of \$65,632, or 59.7 percent, below the approved amount for FY 2019. This decrease is attributable to decreased expenditures for computer software.

The **Governor** concurs with the agency's revised estimate for FY 2019.

Governor's Recommended Salary and Wage Adjustments

State Employee Pay Increases. The Governor's recommendation for FY 2019 appropriates \$1.5 million, all from the State General Fund, to the Pay Plan Equalization Fund. The Director of the Budget could transfer funds from the Pay Plan Equalization Fund to the State General Fund accounts of any agency.

Longevity Bonus Payments. In FY 2018 and for FY 2019, the Governor recommends funding longevity bonus payments for eligible state employees at the statutory rate of \$40 per year of service, with a 10-year minimum (\$400) and a 25-year maximum (\$1,000). Classified employees hired after June 15, 2008, are not eligible for longevity bonus payments. The estimated cost for the recommended FY 2018 payment is \$4.3 million, including \$1.7 million from the State General Fund. For FY 2019, the estimated cost is \$4.6 million, including \$1.7 million from the State General Fund. **For this agency, FY 2018 longevity payments total \$1,240, including \$0 from the State General Fund, and FY 2019 longevity payments total \$1,320, including \$0 from the State General Fund.**

Kansas Public Employees Retirement System (KPERs) Adjustments. The employer retirement contribution rate for KPERs State and School is scheduled to be 11.78 percent in FY 2018 and 13.21 percent for FY 2019. The 2017 Legislature approved reducing KPER School employer contributions by \$194.0 million for FY 2019. Like FY 2017, the Legislature required the contribution reduction to be layered as a level dollar amount over 20 years, with the first payment of \$19.4 million beginning for FY 2020.

Death and Disability. The 2017 Legislature approved a moratorium on employer contributions to the Group Insurance Reserve Fund for the first quarter of FY 2018. This will provide savings of \$10.1 million from the State General Fund and \$12.6 million from all funds.

Funding Sources

Funding Source	Agency Est. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
State General Fund	0.0 %	0.0 %
State Board of Pharmacy Fee Fund	73.3	73.3
Prescription Drug Overdose - Data Driven Prevention Initiative (DDPI)	26.7	26.7
Harold Rogers Prescription Fund	0.0	0.0
TOTAL	100.0 %	100.0 %

Note: Details may not add to totals due to rounding.

State Board of Pharmacy Fee Fund

The State Board of Pharmacy Fee Fund receives fees from the licensing of pharmacists, pharmacy technicians, pharmacies, drug manufacturers and distributors, and retail dealers, as well as the administration of pharmacist licensing examinations. Licenses and permits are renewed on a biennial basis.

Historically, the agency's case flow fluctuated throughout the year because different classes of licenses expired on dates established by statute. The 2014 Legislature eliminated these set expiration dates and empowered the Board to set the renewal schedule for licensees. Pharmacists and pharmacy technicians continue to renew biennially, with odd-numbered licenses and registrations renewing in odd-numbered years and even-numbered registrations renewing in even-numbered years.

Additionally, in order to address the growing balance in the Fund, the Board reduced all application, renewal, and late fees by 20.0 percent, effective July 1, 2014.

As a fee-funded agency, the Board currently contributes 10.0 percent, or \$100,000, whichever is lesser, of fee revenue to the State General Fund for the cost of support services provided by other state agencies under KSA 75-3170a. The table below summarizes the estimated receipts and fund balances based upon the agency estimate and the Governor's recommendation. The transfers in FY 2018 for \$167,500 and for FY 2019 for \$171,000 reflect transfers from the Healing Arts Fee Fund, Dental Board Fee Fund, Board of Nursing Fee Fund, and Board of Examiners in Optometry Fee Fund for the operation and maintenance of the Kansas Prescription Monitoring Program (K-TRACS).

Resource Estimate	Actual FY 2017	Agency Estimate FY 2018	Gov. Rec. FY 2018	Agency Estimate FY 2019	Gov. Rec. FY 2019
Beginning Balance	\$ 1,611,475	\$ 1,489,734	\$ 1,489,734	\$ 1,242,418	\$ 1,242,418
Revenue	1,126,464	1,146,200	1,146,200	1,147,400	1,147,400
Transfers in	0	167,500	167,500	171,000	171,000
<i>Funds Available</i>	<u>\$ 2,737,939</u>	<u>\$ 2,803,434</u>	<u>\$ 2,803,434</u>	<u>\$ 2,560,818</u>	<u>\$ 2,560,818</u>
Less:					
Expenditures	\$ 1,248,205	\$ 1,561,016	\$ 1,561,016	\$ 1,596,419	\$ 1,596,419
Transfers Out	0	0	0	0	0
Off Budget Expenditures	0	0	0	0	0
Ending Balance	<u>\$ 1,489,734</u>	<u>\$ 1,242,418</u>	<u>\$ 1,242,418</u>	<u>\$ 964,399</u>	<u>\$ 964,399</u>
Ending Balance as Percent of Expenditures	119.4%	79.6%	79.6%	60.4%	60.4%
Month Highest Ending Balance	July <u>\$ 1,666,407</u>	July <u>\$ 1,508,576</u>	July <u>\$ 1,508,576</u>	July <u>\$ 1,302,418</u>	July <u>\$ 1,302,418</u>
Month Lowest Ending Balance	April \$ 1,007,474	April \$ 800,418	April \$ 800,418	April \$ 479,988	April \$ 479,988

BOARD OF PHARMACY LICENSURE FEES

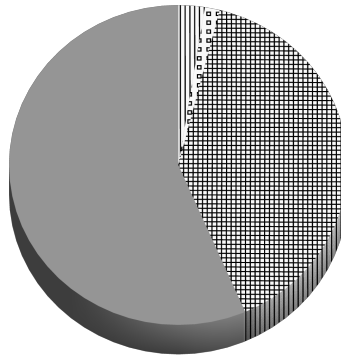
License	Current Fee	Statutory Limit
Pharmacists by Exam	\$ 40	\$ 350
Pharmacists by Exam Renewal Fee	120	200
Pharmacists by Exam Late Fee	160	N/A
Pharmacists by Reciprocity	64	250
Pharmacists by Reciprocity Renewal Fee	120	200
Pharmacists by Reciprocity Late Fee	160	N/A
Pharmacy Registration	112	150
Pharmacy Registration Renewal	100	125
Pharmacy Registration Late Fee	100	N/A
Pharmacy Technician	20	50
Manufacturer Registration	240	500
Wholesale Distributor Registration	240	500
Non-Prescription Drug Wholesaler	40	50
Institutional Drug Room	20	40
Veterinary medical teaching hospital pharmacy	40	40
Retailer Dealer Permit	10	12
Ambulance	20	N/A
Sample Distribution Permit	24	50
Place of Business that sells Durable Medical Equipment Registration	240	300
Non-resident Pharmacy	112	150
Non-resident Pharmacy Renewal Fee	100	125
Non-resident Pharmacy Late Fee	100	N/A

PROGRAM DETAIL

Expenditures by Object

Governor's FY 2019 Recommendation

All Funds



Salaries and Wages
 Contractual Services
 Commodities
 Capital Outlay

Object	Gov. Rec. All Funds FY 2019	Percent of Total	Gov. Rec. SGF FY 2019	Percent of Total
Salaries and Wages	\$ 994,880	45.7 %	\$ 0	-- %
Contractual Services	697,384	32.0	0	--
Commodities	25,000	1.1	0	--
Capital Outlay	44,368	2.0	0	--
TOTAL	\$ 2,177,382	100.0 %	\$ 0	-- %

FTE POSITIONS BY PROGRAM FY 2017 – FY 2019

Program	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Administration	12.0	12.0	12.0	12.0	12.0

Note: For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

PERFORMANCE MEASURES

Measure	Gov. Rec. for FY 2017	Actual FY 2017	Gov. Rec. FY 2018	Gov. Rec. FY 2019
Number of active pharmacist licenses	5,705	5,705	5,875	6,000
Number of complaints received	110	114	116	118
Number of K-TRACS queries per month	N/A	559,148	625,000	750,000
Number of disciplinary actions imposed	80	69	75	80