

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2019-20		FY 2020-21	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	56,840		53,840	
FEDERAL FUNDS	279,624		30,534	
OTHER FUNDS				
TOTAL FUNDS	336,464		84,374	

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

This bill requires every credential holder or applicant for a credential under the Uniform Credentialing Act to register with the Department of Health and Human Services for the Prescription Drug Monitoring Program (PDMP). The registration would be required within one month after original or renewal or within one year after the effective date of this act, whichever is later.

Approximately 14,656 prescribers and 3,278 are not currently registered and would need to be within one year from the effective date of the act. The department would need two short-term positions, a business analyst and a program coordinator to process the registrations in the timeframe required in the bill. The costs would be \$94,624 in FY 2019-20 and \$13,159 in FY 2020-21. The License Unit's credentialing software is not compatible with the PDMP. New software is needed to automate the registration process. The approximate cost is \$60,000. The contract with the PDMP would also need to be amended to cover the costs to set up access. This cost would be \$125,100 in FY 2019-20 and \$17,375 in FY 2020-21. The department has a federal grant that ends in August 2019. There is another grant opportunity starting September 1, 2019. In this fiscal note it is assumed federal funding will be available. If not, State General Funds would be required.

An additional licensing specialist is also need. The costs are \$56,840 in FY 2019-20 and \$53,840 in FY 2020-21. These costs would be paid from cash from licensing fees.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 489 AM:	AGENCY/POLT. SUB: Department of Health and Human Services (DHHS)	
REVIEWED BY: Elton Larson	DATE: 3/26/2019	PHONE: (402) 471-4173
COMMENTS: No basis to disagree with DHHS estimate of fiscal impact to the agency.		

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

State Agency or Political Subdivision Name:(2) Department of Health and Human Services

Prepared by: (3) Mike Michalski

Date Prepared 1-24-19

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	<u>FY 2019-2020</u>		<u>FY 2020-2021</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS				
CASH FUNDS	\$58,715	\$0	\$58,715	\$0
FEDERAL FUNDS *	\$290,188	\$0	\$31,132	\$0
OTHER FUNDS				
TOTAL FUNDS	\$348,903	\$0	\$89,847	\$0

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

LB 489 requires every credential holder and applicant that dispenses or prescribes drugs to complete registration for the Prescription Drug Monitoring Program (PDMP) with the Department of Health and Human Services (DHHS). The PDMP is housed on the same platform as the Health Information Exchange (HIE) by contract and in partnership with the Department. LB 489 also requires credential renewal to be conditional upon registration in the PDMP.

Currently, all prescription drugs dispensed must be reported to the system by either the dispenser or their designee. Therefore, many licensed credential holders that dispense drugs elect the same designee to report all activity for that entity. Prescribers may choose to register for access to the system.

There are approximately 18,000 licensed prescribers and 5,200 licensed pharmacists/dispensers. Of these, 3,344 (18.6%) licensed prescribers and 1,922 (36.6%) licensed pharmacists/dispensers have completed the registration process. This estimate is based upon the remaining 14,656 prescribers and 3,278 pharmacists /dispensers being required to register within one year of LB 0489 enactment.

The current registration process consists of receiving an electronic requisition from the licensee, verifying the license is in good standing with the State, reviewing the licensee’s training history, and coordinating access to the prescription drug monitoring system with the Health Information Exchange (HIE). The exchange registers members for the PDMP through a contract with the DHHS.

Staff also follow up with the licensee on requests that fail a required step in the registration process. Auditing of the registered user database is performed at quarterly intervals to ensure the provider remains in good standing with the State to maintain integrity of the system.

The additional work required by LB 489 cannot be absorbed by existing PDMP staff due to the current workload. The estimate is based upon adding one (1) FTE IT Business Systems Analyst/Coordinator for the first calendar year of enactment to assist with the initial registrations. These registrations are also expected to overflow into FY 2020-2021 for at least a month. This position would need to be either a temporary or contract position and would need to be in place as soon as possible after LB 489 is adopted.

There will also be an impact to the Licensure Unit in order to meet the requirements of LB 489 as written. The Licensure Unit’s credentialing software (LIS) is a separate system and independent of the PDMP and/or HIE. At this time, it is understood that the two (2) systems are not compatible and could not automate the verification process required by LB 489. The current software configuration for prescribers and dispensers in LIS does not allow a credential to be issued until all requirements are met. Under the current system configuration, PDMP registration could be made a condition of credentialing, but this condition would need to be met prior to issuance. LB 489 also includes applicants in the requirements for PDMP registration, though it

allows for up to one month to complete registration following credentialing. The PDMP system does not allow for any non-licensed or unauthorized person to have access to prescription information.

Therefore, this estimate is based on LIS software modifications being made to add PDMP registration as a credentialing criterion *and* allow credential issuance prior to registration completion. Also, modifications to provide notification to staff at the proper time intervals for follow up on PDMP registration would be needed. It has been determined this change to LIS cannot be accomplished internally and would require the software vendor to make these changes. DHHS' current contract with the software vendor provides maintenance and support services and stipulates that customization can be performed on an hourly basis, plus travel expenses. Based upon previous system modification costs, the Department estimates these changes would cost approximately \$60,000.

Biennial renewals are due at different times of the year and alternating years. Overall, an additional (1) FTE Health Licensing Specialist would be required for the coordination, follow-up and approval status with the PDMP-Drug Overdose Prevention Unit and the Licensure Unit employee processing the application or renewal. This employee would need to be in place as soon as possible to receive training and assist the LIS vendor. It is expected that the volume of work would decrease after FY20-21 or once the first two year cycle of eligible credential renewals and PDMP registrations have been completed. The ongoing costs would be reevaluated at that time to determine if a budget issue to reduce spending authority is appropriate.

Estimate of Expenditures:

<u>Position Description</u>	<u>FY19-20</u>	<u>FY20-21</u>
Health Licensing Specialist @ \$15.862 per hour Responsible for cross checking LIS with PDMP system at the specified intervals and coordinate with the issuance or renewal of credentials. Assist vendor with testing and development of process.	\$32,993	\$32,993
IT Business Systems Analyst/Coordinator 2,280 hours @ \$25.946 Provides all duties of the registration process, maintains the system, and coordinates account setup between the provider with the Program Coordinator and the PDMP contractor. Includes electronic notification to applicable licensed prescribers and dispensers.	\$53,968	\$5,189
Program Coordinator 300 hours @ \$25.417 Responds to provider questions and registration issues, Provides assistance to the IT Business System Analyst/Coordinator and the PDMP contractor	\$5,083	\$2,542
	<u>Total Direct Labor Costs</u>	<u>\$40,724</u>
	Benefits	\$13,931
	Operations	\$17,817
	<u>Total Labor Burden</u>	<u>\$72,472</u>

Additional labor costs will be incurred by the existing PDMP contractor. The Department is billed at an hourly rate that includes wages, taxes, and fringe benefits. The estimate includes the contractor's labor costs to set up access to the PDMP through the HIE. Estimated expenditures for the LIS vendor are also listed below.

<u>Description</u>	<u>FY19-20</u>	<u>FY20-21</u>
PDMP HIE Administrators 4,100 hours @ 34.75	\$125,100	\$17,375
LIS Vendor Customization	\$60,000	\$0

Total Contracted Costs

\$ 185,100

\$17,375

*The PDMP is currently funded by a federal grant through the Centers for Disease Control and ends August 31, 2019. A new competitive grant opportunity is anticipated to be available September 1, 2019. In addition, grant funding is anticipated to be available from H.R.6 through the Centers for Medicare and Medicaid Services. Should federal funding not become available after August 31, 2019, then State General Fund appropriations would be required to implement LB 0489.

The cost incurred for the additional FTE Health Licensing Specialist would not be eligible for federal funding. This cost would need to be funded through the Professional and Occupational Credentialing cash fund. PDMP (federal) expenditures would take place in Program 262 Public Health Administration. Licensure (cash) expenditures would take place in Program 178 Professional and Occupational Licensure.

MAJOR OBJECTS OF EXPENDITURE				
PERSONAL SERVICES:				
POSITION TITLE	NUMBER OF POSITIONS		2019-2020	2020-2021
	19-20	20-21	EXPENDITURES	EXPENDITURES
IT Business Systems Analyst/Coordinator	1.0	.10	\$53,968	\$5,189
DHHS Program Coordinator	.10	.05	\$5,083	\$2,542
Health Licensing Specialist	1.0	1.0	\$32,993	\$32,993
Benefits.....			\$31,488	\$13,931
Operating.....			\$225,371	\$35,192
Travel.....				
Capital Outlay.....				
Aid.....				
Capital Improvements.....				
TOTAL.....			\$348,903	\$89,847