

Adverse impact notification sent to Joint Commission on Administrative Rules, House Committee on Appropriations, and Senate Committee on Finance (COV § 2.2-4007.04.C): Yes Not Needed

If/when this economic impact analysis (EIA) is published in the *Virginia Register of Regulations*, notification will be sent to each member of the General Assembly (COV § 2.2-4007.04.B).



Virginia Department of Planning and Budget Economic Impact Analysis

18 VAC 110-20 Regulations Governing the Practice of Pharmacy
Department of Health Professions
Town Hall Action/Stage: 4747/7807
January 25, 2017

Summary of the Proposed Amendments to Regulation

Pursuant to Chapter 82 of the 2016 General Assembly,¹ the Board of Pharmacy (Board) proposes to allow six hours of volunteer work to be substituted for up to two hours of continuing education annually for pharmacists and three hours of volunteer work to be substituted for up to one hour of continuing education annually for pharmacy technicians.

Result of Analysis

The benefits likely exceed the costs for all proposed changes.

Estimated Economic Impact

Chapter 82 of the 2016 General Assembly requires all health boards to promulgate regulations to accept volunteer work provided to low-income individuals through local health departments or free clinics in lieu of the required continuing education. Pursuant to the legislative mandate, the Board proposes to accept three hours of volunteer work in satisfaction of one hour of continuing education from pharmacists and pharmacy technicians. The limit on the continuing education hours that can be satisfied by volunteer work is two hours for pharmacists and one hour for pharmacy technicians every year. Currently, pharmacists and pharmacy

¹ <http://leg1.state.va.us/cgi-bin/legp504.exe?161+ful+CHAP0082>

technicians are required respectively to take 15 and 5 hours of continuing education every year for annual renewal of their licenses and registrations.

The proposed change will allow affected practitioners to substitute volunteer work for continuing education. The educational value of volunteer services may vary depending on each person's experience. However, the proposed limits on the continuing education hours that can be gained through this method are a relatively small portion of the annually required hours.

Also, it is not clear whether the ratio of required three hours per continuing education hour is sufficient by itself to provide enough incentives to offer volunteer service. It appears easier for affected practitioners to spend one hour acquiring continuing education than to spend three hours providing free services. However, it is reasonable to expect that the additional incentive provided by the proposed regulation would lead to increased volunteer hours by convincing affected practitioners who are indecisive at the margin about providing such services. The proposed regulation will also help those practitioners who have already been providing volunteer services at the qualified locations by allowing them to earn continuing education credit for their charity work.

In any event, the proposed regulation allows substitution of volunteer work for continuing education, but does not mandate it. A practitioner choosing to do volunteer work in lieu of the continuing education reveals that he or she benefits more from doing so.

Businesses and Entities Affected

Currently, there are 14,210 pharmacists and 14,373 pharmacy technicians with current licenses and registrations in Virginia. According to data provided by the Virginia Employment Commission, there are 1,529 establishments in the industry category of the affected entities. All of the 1,529 establishments in that category satisfy the small business criteria. However, most of these establishments are chain stores owned by non-small businesses. The number of continuing education providers is not known.

Localities Particularly Affected

The proposed changes apply statewide.

Projected Impact on Employment

The proposed regulation may lead to a decrease in demand for continuing education services. However, the proposed limits on the continuing education hours that can be gained

through this method is a relatively small portion of the annually required hours. In addition, the substitution of voluntary work for continuing education hours is voluntary and may not be exercised by all practitioners.

Effects on the Use and Value of Private Property

The potential impact on the asset value of continuing education providers is not known with certainty, but appears to be small.

Real Estate Development Costs

No impact on real estate development costs is expected.

Small Businesses:

Definition

Pursuant to § 2.2-4007.04 of the Code of Virginia, small business is defined as “a business entity, including its affiliates, that (i) is independently owned and operated and (ii) employs fewer than 500 full-time employees or has gross annual sales of less than \$6 million.”

Costs and Other Effects

Most if not all of the pharmacy establishments are small businesses. However, most are owned by non-small businesses. The proposed amendments do not impose costs on them. Most providers of continuing education services are probably small businesses. The proposed regulation may decrease the demand for their services by a small amount.

Alternative Method that Minimizes Adverse Impact

There is no known alternative that minimizes the potential small adverse impact on providers of continuing education services while achieving the same goals.

Adverse Impacts:

Businesses:

The proposed amendments do not have an adverse impact on non-small businesses.

Localities:

The proposed amendments will not adversely affect localities.

Other Entities:

The proposed amendments will not adversely affect other entities.

Legal Mandates

General: The Department of Planning and Budget has analyzed the economic impact of this proposed regulation in accordance with § 2.2-4007.04 of the Code of Virginia (Code) and Executive Order Number 17 (2014). Code § 2.2-4007.04 requires that such economic impact analyses determine the public benefits and costs of the proposed amendments. Further the report should include but not be limited to: (1) the projected number of businesses or other entities to whom the proposed regulatory action would apply, (2) the identity of any localities and types of businesses or other entities particularly affected, (3) the projected number of persons and employment positions to be affected, (4) the projected costs to affected businesses or entities to implement or comply with the regulation, and (5) the impact on the use and value of private property.

Adverse impacts: Pursuant to Code § 2.2-4007.04(C): In the event this economic impact analysis reveals that the proposed regulation would have an adverse economic impact on businesses or would impose a significant adverse economic impact on a locality, business, or entity particularly affected, the Department of Planning and Budget shall advise the Joint Commission on Administrative Rules, the House Committee on Appropriations, and the Senate Committee on Finance within the 45-day period.

If the proposed regulatory action may have an adverse effect on small businesses, Code § 2.2-4007.04 requires that such economic impact analyses include: (1) an identification and estimate of the number of small businesses subject to the proposed regulation, (2) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the proposed regulation, including the type of professional skills necessary for preparing required reports and other documents, (3) a statement of the probable effect of the proposed regulation on affected small businesses, and (4) a description of any less intrusive or less costly alternative methods of achieving the purpose of the proposed regulation. Additionally, pursuant to Code § 2.2-4007.1, if there is a finding that a proposed regulation may have an adverse impact on small business, the Joint Commission on Administrative Rules shall be notified.

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