



## Virginia Department of Planning and Budget **Economic Impact Analysis**

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**18 VAC 110-20 Virginia Board of Pharmacy Regulations**  
**Department of Health Professions**  
September 16, 2014

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### **Summary of the Proposed Amendments to Regulation**

The Board of Pharmacy (Board) proposes to: 1) change the annual permit renewal date for nonresident pharmacies from April 30<sup>th</sup> of each year to the date of the initial registration, and 2) clarify that pharmacists-in-charge and pharmacists on duty are prohibited from allowing access to the prescription department by a pharmacist, pharmacy intern, or pharmacy technician whose license or registration is currently suspended or revoked.

### **Result of Analysis**

The benefits likely exceed the costs for all proposed changes.

### **Estimated Economic Impact**

A prerequisite for renewing a nonresident pharmacy permit is submission of a copy of a current inspection report from the state in which the pharmacy is located or from a duly authorized agency. Reviewing these out-of-state inspection reports is time consuming for Board staff. Under the current April 30<sup>th</sup> due date requirement, the Board labor for this task is concentrated around this one time a year. By tying the renewal to the anniversary date of initial registration rather than one date for all nonresident pharmacies, the task can be spread throughout the year and handled more expeditiously by Board staff. If there are any issues with the inspection report, staff will have more time to work with the nonresident pharmacies to resolve and meet the statutory requirements. Therefore, the change will facilitate renewals and avoid possible delays which could impact pharmacies that dispense prescriptions to patients in Virginia.

According to the Department of Health Professions, once this proposed amendment is promulgated, the next permit renewal due date will be the anniversary of initial registration after the next April 30<sup>th</sup>. This will benefit nonresident pharmacies by giving them a fraction of a second year for their one-year permit fee during this time of transition. For example, if a nonresident pharmacy permit currently is due to be renewed on April 30, 2015, but its date of initial registration was January 30<sup>th</sup>, the next renewal for that pharmacy would be January 30, 2016. The pharmacy would therefore have an additional 9 months on its permit.

If we assume that the initial registration dates for the nonresident pharmacies are approximately randomly distributed throughout the year, then on average nonresident pharmacies will receive an extra six months of permit time without paying extra. The annual renewal fee for nonresident pharmacies is \$270. So the value of six months extra time will be half of that, i.e. \$135. So the proposed change of annual permit renewal date for nonresident pharmacies will on average produce a one-time benefit worth approximately \$135 for each nonresident pharmacy.

In April of 2014, the Board revoked the license of a pharmacist who was found to be in violation of numerous laws and regulations. Subsequently he was continued to be allowed in the prescription department, which the Board believes created a potential danger to public health and safety. Specifying in these regulations that pharmacists, pharmacy interns, and pharmacy technicians whose license or registration has been suspended or revoked are prohibited from accessing the prescription department may reduce the likelihood that pharmacists-in-charge and pharmacists on duty allow such access.

## **Businesses and Entities Affected**

The proposed amendments particularly affect the 505 nonresident pharmacies permitted to do business in the Commonwealth.<sup>1</sup>

## **Localities Particularly Affected**

The proposed amendments do not disproportionately affect particular localities.

## **Projected Impact on Employment**

The proposed amendments are unlikely to significantly affect employment.

## Effects on the Use and Value of Private Property

The proposal to change the annual permit renewal date for nonresident pharmacies from April 30th of each year to the date of the initial registration will on average save each nonresident pharmacy \$135.

## Small Businesses: Costs and Other Effects

The proposal to change the annual permit renewal date for nonresident pharmacies from April 30th of each year to the date of the initial registration will on average save each small nonresident pharmacy \$135.

## Small Businesses: Alternative Method that Minimizes Adverse Impact

The proposed amendments will not adversely affect small businesses.

## Real Estate Development Costs

The proposed amendments are unlikely to affect real estate development costs.

## Legal Mandate

**General:** The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with § 2.2-4007.04 of the Code of Virginia and Executive Order Number 17 (2014). Section 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:

- the projected number of businesses or other entities to whom the proposed regulatory action would apply,
- the identity of any localities and types of businesses or other entities particularly affected,
- the projected number of persons and employment positions to be affected,
- the projected costs to affected businesses or entities to implement or comply with the regulation, and
- the impact on the use and value of private property.

**Small Businesses:** If the proposed regulatory action will have an adverse effect on small businesses, § 2.2-4007.04 requires that such economic impact analyses include:

- an identification and estimate of the number of small businesses subject to the proposed regulation,

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<sup>1</sup> Data source: Department of Health Professions

- 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,
- a statement of the probable effect of the proposed regulation on affected small businesses, and
- a description of any less intrusive or less costly alternative methods of achieving the purpose of the proposed regulation.

Additionally, pursuant to § 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 (JCAR) is notified at the time the proposed regulation is submitted to the *Virginia Register of Regulations* for publication. This analysis shall represent DPB's best estimate for the purposes of public review and comment on the proposed regulation.

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