



Economic Impact Analysis Virginia Department of Planning and Budget

18 VAC 110-20 – Regulations Governing the Practice of Pharmacy
Board of Pharmacy
September 3, 2009

Summary of the Proposed Amendments to Regulation

Pursuant to Chapter 429 (HB85) of the 2008 Acts of the Assembly, the Board of Pharmacy proposes to establish a prescription drug donation program. The proposed program has been in effect since April 10, 2009 under emergency regulations.

Result of Analysis

The benefits likely exceed the costs for all proposed changes.

Estimated Economic Impact

Pursuant to Chapter 429 (HB85) of the 2008 Acts of the Assembly, the Board of Pharmacy proposes to establish a prescription drug donation program. The program allows participating pharmacies to accept previously dispensed unused drugs that meet certain criteria and transfer them to free clinics for re-dispensing. Due to restrictions imposed by the Federal Drug Enforcement Administration, only Schedule VI drugs are eligible for the program.

Participating pharmacies are expected to incur some additional costs associated with screening drugs for eligibility, recordkeeping, storage, and possibly transfer to free clinics. However, participation is completely voluntary. Thus, we can reliably infer that the benefits to participating pharmacies should exceed the costs of participation.

Also, the program is expected generate some savings to free clinics in terms of the free drugs donated which can be re-dispensed and benefit the individuals who are receiving services. There is no readily available estimate for the magnitude of the drugs that may be donated. However, the participation may be somewhat limited. Since April 2009, no pharmacies in Virginia have applied to participate in the program. Moreover, about 319,000 dosage units worth

approximately \$150,000 were received through a similar program in Iowa between March 2007 and December 2007.

Two of the potential costs include health risks to the consumers and the board's administrative costs involved in monitoring the program. According to the Department of Health Professions, the board included all safeguards necessary to ensure that the risk is minimal. Also, the department does not expect any significant costs to administer this program which is expected to have a limited participation.

Businesses and Entities Affected

There are 1,647 pharmacies and 18 free clinics that could participate in the proposed program. Participation is completely voluntary and is expected to be limited.

Localities Particularly Affected

The proposed regulations apply throughout the Commonwealth.

Projected Impact on Employment

No significant impact is expected on employment.

Effects on the Use and Value of Private Property

No significant impact is expected on the use and value of private property.

Small Businesses: Costs and Other Effects

No significant costs and other effects are expected on small businesses.

Small Businesses: Alternative Method that Minimizes Adverse Impact

No adverse impact is expected on small businesses.

Real Estate Development Costs

No adverse impact is expected on real estate development costs.

Legal Mandate

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.H of the Administrative Process Act and Executive Order Number 36 (06). Section 2.2-4007.H requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities

to whom the regulation 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. Further, if the proposed regulation has adverse effect on small businesses, Section 2.2-4007.H requires that such economic impact analyses include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the regulation, including the type of professional skills necessary for preparing required reports and other documents; (iii) a statement of the probable effect of the regulation on affected small businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the regulation. The analysis presented above represents DPB's best estimate of these economic impacts.