



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

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### **18 VAC 110-20 – Regulations Governing the Practice of Pharmacy Department of Health Professions June 6, 2002**

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The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 9-6.14:7.1.G of the Administrative Process Act and Executive Order Number 25 (98). Section 9-6.14:7.1.G 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. The analysis presented below represents DPB's best estimate of these economic impacts.

### **Summary of the Proposed Regulation**

Pursuant to sections §54.1-3321 and §54.1-2400 of the Code of Virginia, the Board of Pharmacy proposes to establish 1) requirements for pharmacy technician registration, 2) pharmacy technician registration fees, and 3) criteria for approval of pharmacy technician training programs.

### **Estimated Economic Impact**

According to the Department of Health Professions (department), in recent years various pressures<sup>1</sup> have significantly added to pharmacists' workloads. Most pharmacies use pharmacy technicians to assist pharmacists with their increasing responsibilities. Under current regulations, pharmacy technicians are not required to obtain registration, certification, licensure,

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<sup>1</sup> The department cites 1) significant increases in prescription volume, 2) shortages in the pharmacist work pool, 3) shrinking reimbursement for dispensed prescriptions, 4) increased workload in processing prescriptions due to increased steps in processing insurance claims, 5) increased numbers of patients participating in prescription

or any other similar sanctioning from the Commonwealth. Concerns about the risks of dispensing errors, which can cause serious adverse health outcomes,<sup>2</sup> spurred the General Assembly to amend the Code to require pharmacy technician registration to help assure minimum competency. Section §54.1-3321 of the Code of Virginia states “No person shall perform the duties of a pharmacy technician without first being registered as a pharmacy technician with the Board.” The Code further details what constitutes the duties of a pharmacy technician. The board proposes to establish requirements for pharmacy technician registration, pharmacy technician registration fees, and criteria for approval of pharmacy technician training programs in order to comply with the Code.

The proposed regulations require that in order to be registered as a pharmacy technician, applicants must either hold current certification from the national Pharmacy Technician Certification Board (PTCB) or complete a board-approved training program and pass a board-approved examination. The department estimates that from one third to one half of technicians currently hold the PTCB certification. To obtain PTCB certification, a comprehensive examination must be passed. According to the department, the exam includes some difficult subject matter that may be of interest to pharmacy technicians, but which may not be necessary to perform the tasks that pharmacy technicians are permitted to conduct under Virginia law. The PTCB exam has a \$105 fee. In order to maintain certification, technicians must complete 20 hours of continuing education every two years with one hour in pharmacy law and pay a re-certification fee of \$25.

Major retail pharmacy chains already offer formalized training to their employees.<sup>3</sup> According to the department, most or all of these training programs are likely to be approved by the board. Other pharmacies may also choose to put together an in-house training program for approval before the board. The application fee for board approval of a training program is \$150. Individuals wishing to obtain the training required for the Virginia pharmacy technician registration may also obtain training from pharmacy schools or community colleges. For example, J. Sargeant Reynolds offers 19 hours of course work for pharmacy technicians at a cost

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payment plans, 6) increased numbers of drugs in inventory, and 7) greatly increased numbers of drugs in pharmacy inventories as putting increased pressure on pharmacists and increasing the likelihood of errors.

<sup>2</sup> According to the Department of Health Professions, at least one death in Virginia has been linked to a dispensing error by a pharmacy technician.

<sup>3</sup> Source: Department of Health Professions

of \$42 per hour. Since there are no requirements for a prescribed number of educational hours in the proposed regulations, it may not be necessary to take all 19 hours; but if a student chose to do so the total cost would be \$798. The exam fee will depend on future contracts developed for administration by one or more outside vendors, but is anticipated by the board to be less than \$105 fee charged for the PTCB exam.

Both the initial registration fee and annual renewal fees are \$25. Pursuant to section §54.1-3321 of the Code, the board also proposes to establish continuing education requirements as a condition of registration renewal. Specifically, technicians must complete a minimum of five contact hours of approved continuing education for each annual renewal registration. According to the department, numerous free classes pertaining to pharmacy technicians already exist and would be accept for continuing education credit. Some of the courses are online and thus would save on transportation costs.

The costs of the proposed registration requirements include the annual registration fees, exam fees, training expenses, and the training program approval fees described above. Time spent on continuing education will also be a new required expense for technicians. In addition, the prohibition against individuals working as pharmacy technicians without Virginia registration will decrease the supply of individuals legally qualified to work as pharmacy technicians. The decreased supply will likely increase the market wages for technicians, increasing costs for pharmacies. The reduced supply may also lead to reduced staffing, which may increase dispensing errors due to rushed or tired staff.

The benefits of the proposed registration requirements include a potential decrease in the probability that dispensing errors are made. Though it does seem likely that prohibiting individuals from working as technicians who fail to prove knowledgeable in areas deemed necessary for safe dispensing will reduce the probability of dispensing errors, no evidence or research has been provided to demonstrate to what extent, if any, that dispensing mistakes will be reduced. Thus, without any data reflecting the impact of registration requirements on dispensing errors, an accurate determination on whether the potential benefits of the registration requirements exceed the costs cannot be made.

Under the current regulations a pharmacist may supervise up to three technicians if all three have PTCB certification; otherwise, the pharmacist may only work with one technician at a

time. Under the proposed regulations a pharmacist may work with up to four technicians at a time. Of course, all four will need to hold Virginia registration. According to the department, it is very unusual for pharmacies to require four technicians at one time. Thus, increasing the maximum number of technicians per pharmacist will have little affect. But, to the extent that obtaining registration through completing a board-approved training program and passing a board-approved examination is easier than obtaining PTCB certification, it may become easier for pharmacies to find legally qualified individuals to fill technician positions when two or three are desired per pharmacist.

It appears that when one technician per pharmacist is desired, the supply of legally qualified technicians is reduced under the proposed regulations. (Registration is required under the proposed regulations, but not the current regulations.) When two, three, or four technicians per pharmacist are desired, to the extent that obtaining registration through completing a board-approved training program and passing a board-approved examination is easier than obtaining PTCB certification, the supply of legally qualified technicians is increased under the proposed regulations. Considering that according to current estimates (see next section) the number of technicians in the Commonwealth is less than the number of pharmacists, the one technician per pharmacist is likely most relevant. Thus, the net effect of the proposed changes will likely be a constriction of supply of technicians with resulting upward pressure on wages.

## **Businesses and Entities Affected**

The proposed regulations affect the 1,525 pharmacies, 5,485 pharmacists, and 5,000 pharmacy technicians in the Commonwealth,<sup>4</sup> as well as consumers of pharmaceuticals.

## **Localities Particularly Affected**

The proposed regulations affect all Virginia localities.

## **Projected Impact on Employment**

As explained above, the proposed regulations will likely reduce the supply of legally qualified technicians and increase the market wages of those that remain or enter the profession.

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<sup>4</sup> Number estimates provided by the Department of Health Professions.

## **Effects on the Use and Value of Private Property**

The proposed regulations will to varying degrees, depending on current technician hiring practices, increase costs for pharmacies. The increased costs will have some negative impact on the value those businesses. In most cases the impact will be relatively small compared to the overall business valuation.