

STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
 DF-46 (REV 08/15)

Fiscal Year 16-17	Business Unit 1110 1111	Department Consumer Affairs	Priority No. 2
Budget Request Name 1110-031-BCP-BR-2016-GB 1111		Program 1210 - CALIFORNIA STATE BOARD OF PHARMACY	Subprogram

Budget Request Description
 Combatting Prescription Drug Abuse

Budget Request Summary

The Board of Pharmacy (Board) is requesting a budget augmentation of \$1,261,000 to transition eight (8) limited term positions to permanent in FY 2017/18 and ongoing to address prescription drug abuse which continues to be the nation's fastest growing drug problem. Prescription drug abuse has been classified as an epidemic by the Centers of Disease Control and Prevention.

The Board was authorized these positions in a FY 2014-15 BCP (1110-27) as 3-year limited-term positions. However, due to CalHR policy, a person cannot be placed in a limited-term position for more than two years. Therefore, the Board will be unable to retain the current staff in these positions once their two-year limited-term appointments expire. The Board is requesting ongoing position authority in order to maintain its current service level. Since these positions were initially authorized as 3-year limited-term positions in FY 2014-15, the Board is not requesting funding for these positions until FY 2017-18.

Requires Legislation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed
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Does this BCP contain information technology (IT) components? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	Department CIO	Date
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For IT requests, specify the date a Special Project Report (SPR) or Feasibility Study Report (FSR) was approved by the Department of Technology, or previously by the Department of Finance.

FSR SPR Project No. Date:

If proposal affects another department, does other department concur with proposal? Yes No
Attach comments of affected department, signed and dated by the department director or designee.

Prepared By <i>Ernie Lockyer</i>	Date <i>8/31/15</i>	Reviewed By <i>Mark M. Ito</i>	Date <i>8/31/15</i>
Department Director <i>Thomas Rhine Sr</i>	Date <i>8-31-15</i>	Agency Secretary <i>Yusuf M. Elabbadi</i>	Date <i>9-1-15</i>

Department of Finance Use Only

Additional Review: Capital Outlay ITCU FSCU OSAE CALSTARS Dept. of Technology

BCP Type: Policy Workload Budget per Government Code 13308.05

PPBA	Original signed by Jeff Carosone	Date submitted to the Legislature <i>1-7-16</i>
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BCP Fiscal Detail Sheet

BCP Title: Pharmacy - Combatting Prescription Drug Abuse

DP Name: 1111-031-BCP-DP-2016-GB

Budget Request Summary

	FY16					
	CY	BY	BY+1	BY+2	BY+3	BY+4
Positions - Permanent	0.0	0.0	8.0	8.0	8.0	8.0
Total Positions	0.0	0.0	8.0	8.0	8.0	8.0
Salaries and Wages						
Earnings - Permanent	0	0	838	838	838	838
Total Salaries and Wages	\$0	\$0	\$838	\$838	\$838	\$838
Total Staff Benefits	0	0	330	330	330	330
Total Personal Services	\$0	\$0	\$1,168	\$1,168	\$1,168	\$1,168
Operating Expenses and Equipment						
5301 - General Expense	0	0	13	13	13	13
5302 - Printing	0	0	5	5	5	5
5304 - Communications	0	0	10	10	10	10
5306 - Postage	0	0	5	5	5	5
5320 - Travel: Out-of-State	0	0	5	5	5	5
5320 - Travel: In-State	0	0	1	1	1	1
5340 - Consulting and Professional Services - External	0	0	4	4	4	4
5340 - Consulting and Professional Services - Interdepartmental	0	0	50	50	50	50
Total Operating Expenses and Equipment	\$0	\$0	\$93	\$93	\$93	\$93
Total Budget Request	\$0	\$0	\$1,261	\$1,261	\$1,261	\$1,261
Fund Summary						
Fund Source - State Operations						
0767 - Pharmacy Board Contingent Fund, Professions and Vocations Fund	0	0	1,261	1,261	1,261	1,261
Total State Operations Expenditures	\$0	\$0	\$1,261	\$1,261	\$1,261	\$1,261
Total All Funds	\$0	\$0	\$1,261	\$1,261	\$1,261	\$1,261
Program Summary						
Program Funding						
1210 - California State Board of Pharmacy	0	0	1,261	1,261	1,261	1,261
Total All Programs	\$0	\$0	\$1,261	\$1,261	\$1,261	\$1,261

Personal Services Details

Positions	Salary Information			CY	BY	BY+1	BY+2	BY+3	BY+4
	Min	Mid	Max						
5393 - Assoc Govtl Program Analyst (Eff. 07-01-2017)				0.0	0.0	1.0	1.0	1.0	1.0
5742 - Research Program Spec I (Eff. 07-01-2017)				0.0	0.0	1.0	1.0	1.0	1.0
8874 - Supvng Inspector (Eff. 07-01-2017)				0.0	0.0	1.0	1.0	1.0	1.0
8876 - Inspector (Eff. 07-01-2017)				0.0	0.0	5.0	5.0	5.0	5.0
Total Positions				0.0	0.0	8.0	8.0	8.0	8.0
Salaries and Wages	CY	BY	BY+1	BY+2	BY+3	BY+4			
5393 - Assoc Govtl Program Analyst (Eff. 07-01-2017)	0	0	60	60	60	60			
5742 - Research Program Spec I (Eff. 07-01-2017)	0	0	65	65	65	65			
8874 - Supvng Inspector (Eff. 07-01-2017)	0	0	125	125	125	125			
8876 - Inspector (Eff. 07-01-2017)	0	0	588	588	588	588			
Total Salaries and Wages	\$0	\$0	\$838	\$838	\$838	\$838			
Staff Benefits									
5150350 - Health Insurance	0	0	89	89	89	89			
5150500 - OASDI	0	0	64	64	64	64			
5150600 - Retirement - General	0	0	150	150	150	150			
5150800 - Workers' Compensation	0	0	27	27	27	27			
Total Staff Benefits	\$0	\$0	\$330	\$330	\$330	\$330			
Total Personal Services	\$0	\$0	\$1,168	\$1,168	\$1,168	\$1,168			

Analysis of Problem

A. Budget Request Summary

The Board of Pharmacy (Board) is requesting a budget augmentation of \$1,261,000 to transition eight (8) limited term positions to permanent in FY 2017/18 and ongoing to address prescription drug abuse which continues to be the nation's fastest growing drug problem. Prescription drug abuse has been classified as an epidemic by the Centers of Disease Control and Prevention.

The Board was authorized these positions in a FY 2014-15 BCP (1110-07L) as 3-year limited-term positions. However, due to CalHR policy, a person cannot be placed in a limited-term position for more than two years. Therefore, the Board will be unable to retain the current staff in these positions once their two-year limited-term appointments expire. The Board is requesting ongoing position authority in order to maintain its current service level. Since these positions were initially authorized as 3-year limited-term positions in FY 2014-15, the Board is not requesting funding for these positions until FY 2017-18.

B. Background/History (Provide **relevant** background/history and provide program resource history. Provide workload metrics, if applicable.)

Health and Safety Code Section 11153 specifies that a prescription for a controlled substance shall only be issued for a legitimate medical purpose by a prescriber acting in the usual course of practice. This section further specifies that a pharmacist must exercise corresponding responsibility prior to filling the prescription, a professional double check to safe medication therapy and appropriate medication use.

Health and Safety Code Section 11165 creates CURES for the electronic monitoring of prescribing and dispensing of schedules II-IV controlled substances. This section further mandates that all pharmacies and clinics are required to electronically report specified dispensing information to the CURES system on a weekly basis. Currently, more than 100 million prescriptions of controlled substances dispensed over a period of years are available from CURES.

Business and Professions Code Section 4301 mandates that the Board take action against the holder of a license that is guilty of unprofessional conduct including clearly excessive furnishing of controlled substances as well as declaring unprofessional conduct, the knowing sales, furnishing, giving away or offering to do so of any controlled substance to an addict.

According to a CDC research letter, "Sources of Prescription Opioid Pain Relievers by Frequency of Past-Year Nonmedical Use: United States, 2008-2011," published in the Journal of the American Medical Association Internal Medicine in July 2014, researchers reported that most people who abuse prescription opioid drugs get them for free from a friend or relative but those at highest risk of overdose are more likely to get them from a doctor's prescription. This finding underscores the need for continued prevention efforts that focus on physicians' prescribing behaviors and pharmacy dispensing practices. As the agency responsible for regulating the practice of pharmacy, the Board must be a leader in combating the prescription drug abuse problem.

The Board recognized that it was failing California consumers when it came to addressing the issue of prescription drug abuse and the problem would continue to grow unless it took a proactive approach to address the issue. The Board requested and was granted 8.0 (eight) 3-year limited term positions (1.0 Supervising Pharmacy Inspector, 5.0 Pharmacy Inspectors, 1.0 Research Program Specialist and 1.0 Associate Governmental Program Analyst) in FY 2014/15 to create a specialized team focused on monitoring, initiating and then investigating violations of existing statutes relating to Board licensees' failure to exercise corresponding responsibility, a key legal requirement aimed squarely at preventing prescription drug abuse, particularly of high street-value controlled drugs dispensed by pharmacies.

The Board has used these positions to focus its efforts in two major areas: monitoring and enforcement.

Monitoring: Since they have been in their positions, the Research Program Specialist and the Associate Governmental Program Analyst have focused their efforts on proactive data mining, compiling and analyzing the data received, reviewing CURES reports and reviewing Coroner's reports to identify trends in controlled

Analysis of Problem

substances dispensed in California. As a result of this data mining, the Board has identified 59 licensees that warrant additional investigation.

Enforcement: Since the inspectors have been in their positions, they received training in conducting an inspection and identifying patterns of prescription drug abuse. Of the 90 inspections that the RX Drug Abuse team conducted, 62 sites were found to be violating pharmacy law. These 62 sites had a total of 201 violations resulting in 25 violation notices being issued and 62 corrections being ordered.

Resource History (Dollars in thousands)

Program Budget	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY14-15	FY 15-16
Authorized Expenditures	\$13,056	\$14,521	\$15,057	\$18,155	\$20,850	\$19,770
Actual Expenditures	\$11,233	\$13,545	\$14,990	\$17,468	\$19,766	\$19,770
Revenues	\$12,232	\$12,863	\$14,697	\$15,331	\$19,324	\$16,632
Authorized Positions	79.2	83.5	79.8	80.8	100.8	100.7
Filled Positions	60.2	72.0	73.8	80.8	96.8	97.7
Vacancies	10	11.5	6.0	0	4.0	3.0

Workload History

Workload Measure	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15*	FY 15/16
Evaluate Coroner's Reports (Included 249 decedents)					1	4
Pull CURES Reports based upon Coroner's Information					196	500
Trends Reports from Data Mining					0	4
Inspection of Pharmacy resulting from CURES and evaluation					90	135
Open Investigations					59	120
Investigations referred to Attorney General for Discipline					15	30

*Process was not implemented until FY 2014-15

C. State Level Considerations

This proposal is consistent with the Board's mission. The California State Board of Pharmacy is mandated to make public protection its first priority. This mandate is articulated in Business and Professions Code section 4001.1 which states:

"Protection of the public shall be the highest priority for the California State Board of Pharmacy in exercising its licensing, regulatory, and disciplinary functions. Whenever the protection of the public is inconsistent with other interests sought to be promoted, the protection of the public shall be paramount."

Further, the Board recognizes other constituencies and the opportunity to collaborate with agencies like the Office of the Attorney General, Medical Board of California, federal Drug Enforcement Administration, and other agencies.

D. Justification

The Board is requesting position authority to transition the 1.0 Limited Term Supervising Inspector and the 5.0 Limited Term Inspectors to permanent positions to allow the Board to prevent additional deaths from

Analysis of Problem

prescription drug abuse by utilizing the prescription dispensing information obtained from the research and monitoring functions to identify and investigate errant licensees that have essentially become licensed drug dealers.

In addition, the Board is requesting position authority to transition the 1.0 Research Program Specialist and the 1.0 Associate Governmental Program Analyst to permanent positions in order for the Board to continue to respond proactively to the prescription drug abuse epidemic by actively data mining the CURES system, researching the information contained in coroner's reports and analyzing the dispensing data requested from licensees to identify trends in prescription drugs most frequently dispensed in California and to identify violations of existing statutes relating to the Board's licensees failure to exercise corresponding responsibility.

Transitioning these existing staff members who have received extensive training on identifying trends of prescription drug abuse through data mining, investigations and inspections will eliminate the additional workload and expense of recruiting for the positions and training new staff.

If the Board does not receive the requested position authority to make the current limited term positions permanent the lack of resources will prevent the Board from performing proactive reviews and evaluations to protect the public from negligent pharmacists and pharmacies.

The unit was not fully established until the end of last year with training for many of the field staff being completed the beginning of the year. In spite of this, the Board has already initiated numerous investigations by using information secured through the staff in this unit. Such investigations include those initiated by coroner's reports, where the Board investigates the pharmacy to confirm that it exercised professional judgment when dispensing controlled substances. Other investigations were initiated based on gross purchases of controlled substances. An analysis of the top 100 pharmacies purchasing controlled substances for select drugs of abuse (based on reports from wholesaler data) yielded 59 investigations alone. These investigations are very complex and resource intensive as they require drug inventory and audits that must be done by board staff. As such, we are unable to provide the outcomes currently.

Regrettably, the top 100 pharmacies is just the tip of the iceberg for this unit. We have not yet had the opportunity to aggressively review CURES data, which will be the next step.

E. Outcomes and Accountability *(Provide summary of expected outcomes associated with Budget Request and provide the projected workload metrics that reflect how this proposal improves the metrics outlines in the Background/History Section.)*

If granted the permanent staffing positions in this proposal, the Board would be utilizing existing staff that have received extensive training on current regulations and procedures giving them the knowledge and skill to conduct inspections and investigations and research to identify licensees that warrant additional investigation. With this existing staff in position, the Board will be able to continue to take a proactive approach in combatting prescription drug abuse and meet its mandate of protecting and promoting the health and safety of Californians.

Projected Outcomes

Workload Measure	FY 14/15	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20
Evaluate Coroner's Reports	1	4	4	4	4	4
Pull CURES Reports based upon Coroner's Information	196	500	500	500	500	500
Trends Reports from Data Mining	4	4	4	4	4	4
Inspection of Pharmacy resulting from CURES and evaluation	90	135	140	145	150	155
Open Investigations	59	120	120	125	125	130
Investigations referred to Attorney General for Discipline	15	30	30	31	31	33

Analysis of Problem

F. Analysis of All Feasible Alternatives

Alternative 1 – Approve \$1,261,000 in FY 2017-18 and ongoing to fund 8.0 positions to transition the 1.0 Limited Term Supervising Pharmacy Inspector, 5.0 Limited Term Pharmacy Inspectors, 1.0 Limited Term Research Program Specialist, and 1.0 Limited Term Associate Governmental Program Analyst to permanent.

Pro: Approval of this alternative would be the most cost efficient for the Board and the State and would allow the Board to utilize a comprehensive approach to combat prescription drug abuse.

Con: If the Board does not receive the requested position authority to make the current limited term positions permanent the lack of resources will prevent the Board from performing proactive reviews and evaluations to protect the public from negligent pharmacists and pharmacies.

Alternative 2 – Approve \$1,224,000 in FY 2017-18 and ongoing to fund 7.5 positions to transition the 1.0 Limited Term Supervising Pharmacy Inspector position, 5.0 Limited Term Pharmacy Inspectors positions and 1.0 Limited Term Research Program Specialist position to permanent positions. Transition the 1.0 Limited Term Associate Governmental Program Analyst to a 0.5 permanent position.

Pro: Approval of this alternative will allow the Board to address the enforcement activities identified in this proposal.

Con: This alternative would leave the Board without adequate staff to review Coroner's and resulting CURES reports of controlled substances dispensed that led to patient death as our efforts in this area would be decreased.

Alternative 3 – Approve \$1,111,000 in FY 2017-18 and ongoing to transition the 1.0 Limited Term Supervising Pharmacy Inspector and 5.0 Limited Term Pharmacy Inspectors to permanent; and allow the 2.0 other Limited Term position to expire.

Pro: Approval of this alternative will allow the Board to address the enforcement activities identified in this proposal albeit not to the level necessary to meet the Board's mandate of protecting the public.

Con: This alternative would result in the Board's current staff absorbing the workload associated with combatting prescription drug abuse. This alternative does not meet the Board's needs and fails to uphold the Board's mandate that protection of the public should be its first priority.

Alternative 4 - Status Quo – Do nothing and allow the 8.0 Limited Term positions to end.

Pro: This alternative will not require a funding and personnel augmentation to handle the workload associated with combating prescription drug abuse.

Con: This alternative is not feasible as failure to address this problem will result in the Board's inability to meet its consumer protection mandate. Californians will continue to abuse prescription drugs supplied by pharmacists who are abusing the law for their personal profit and this epidemic will continue to kill thousands of people each year

G. Implementation Plan

The Board will transition the 1.0 Limited Term Supervising Inspector position, the 5.0 Limited Term Pharmacy Inspectors positions, the 1.0 Limited Term Research Program Analyst position, the 1.0 Limited Term Associate Governmental Program Analyst (AGPA) position, to permanent positions effective July 1, 2017.

H. Supplemental Information (*Describe special resources and provide details to support costs including appropriate back up.*)

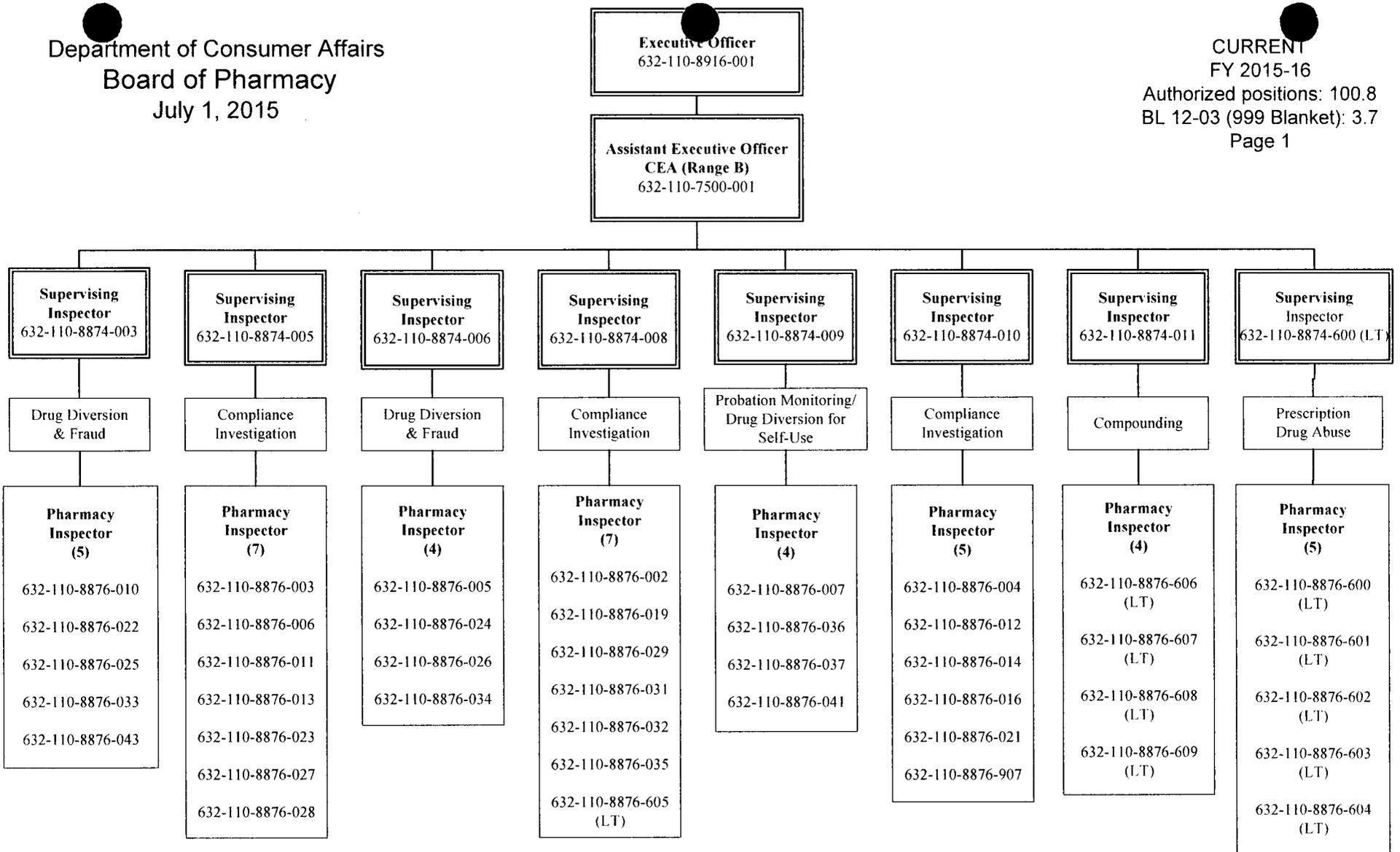
None

I. Recommendation

The California State Board of Pharmacy recommends Alternative 1 as it is the only way to effectively combat prescription drug abuse on all fronts.

Department of Consumer Affairs
Board of Pharmacy
July 1, 2015

CURRENT
FY 2015-16
Authorized positions: 100.8
BL 12-03 (999 Blanket): 3.7
Page 1



Executive Officer or Designee

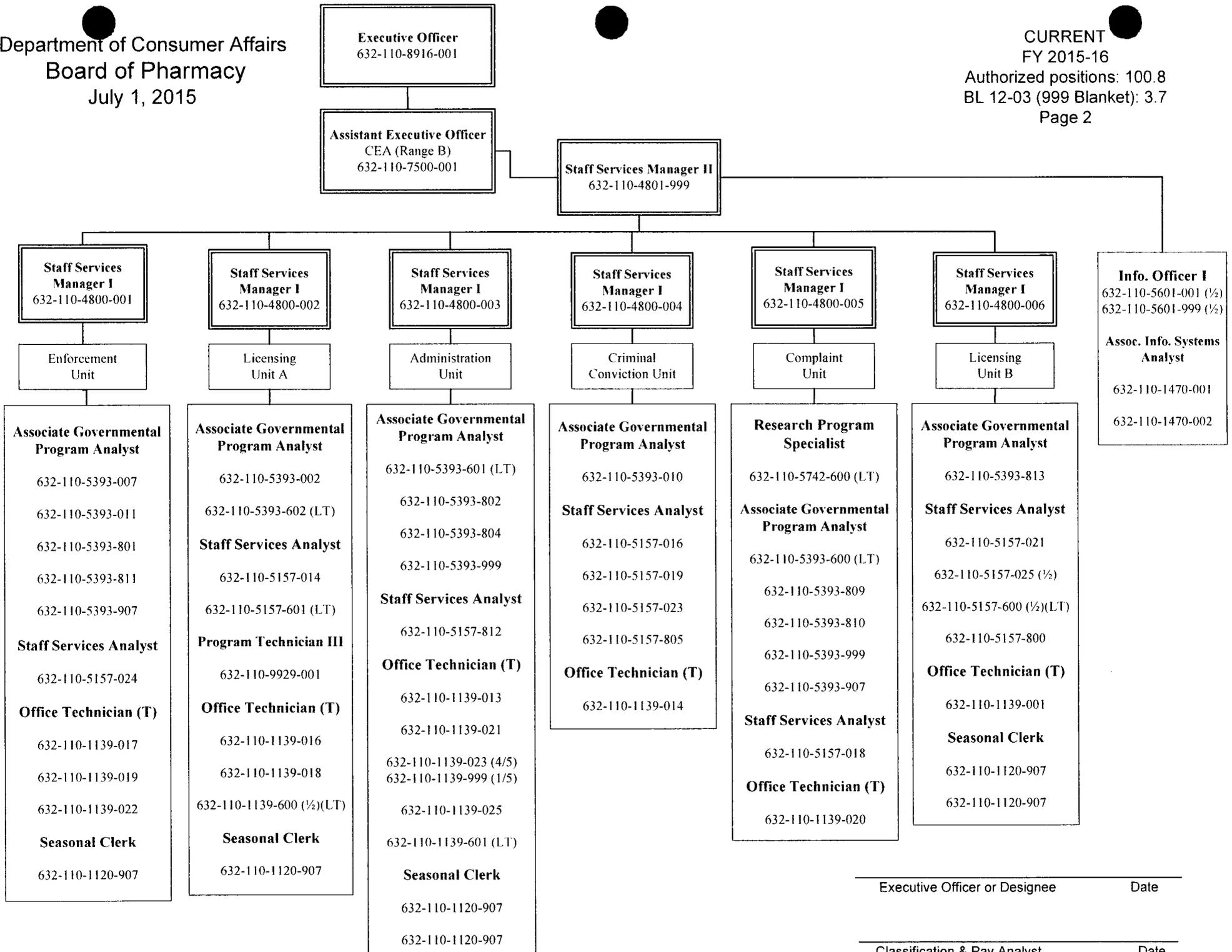
Date

Classification & Pay Analyst

Date

Department of Consumer Affairs
Board of Pharmacy
July 1, 2015

CURRENT
FY 2015-16
Authorized positions: 100.8
BL 12-03 (999 Blanket): 3.7
Page 2



Executive Officer or Designee

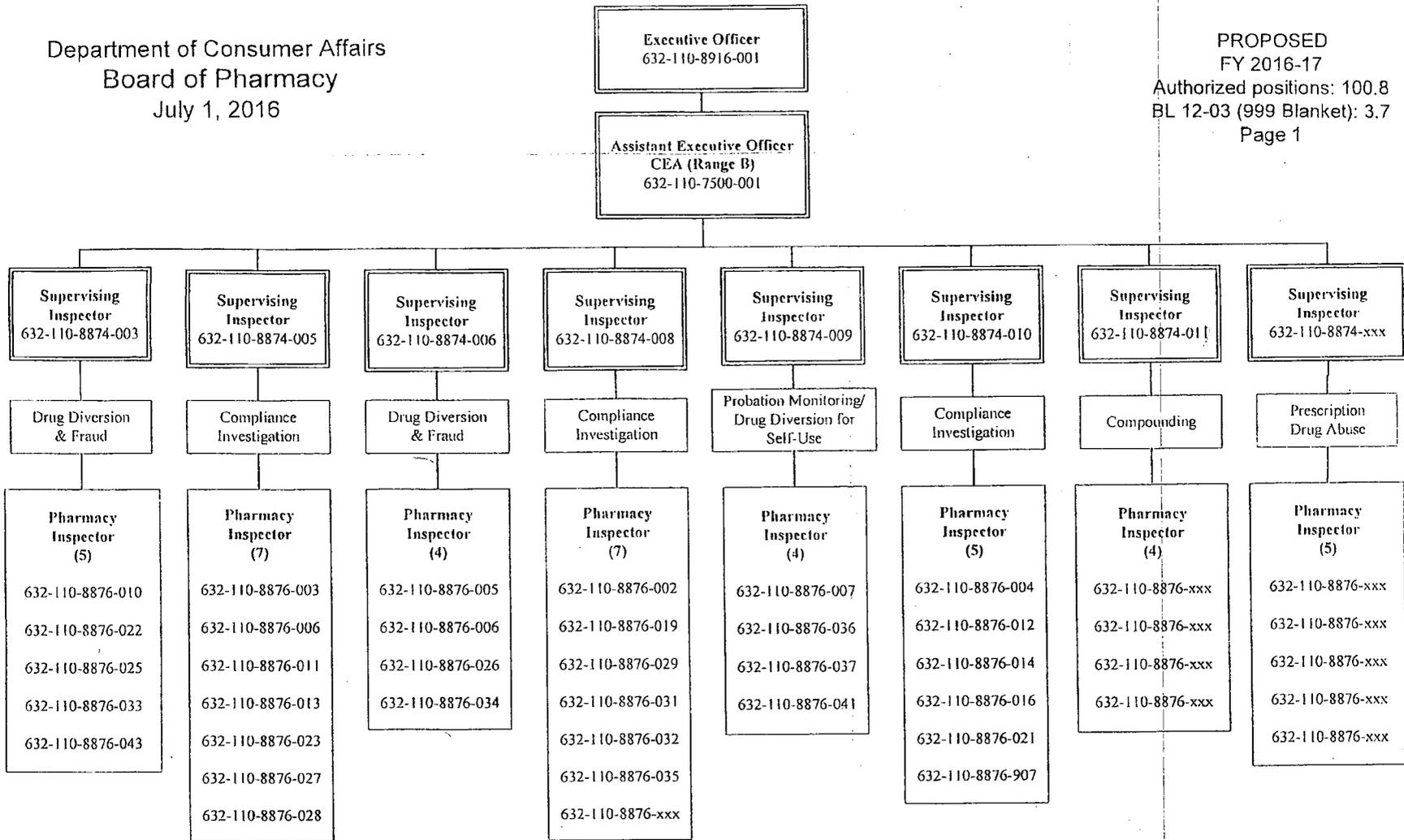
Date

Classification & Pay Analyst

Date

Department of Consumer Affairs
Board of Pharmacy
July 1, 2016

PROPOSED
FY 2016-17
Authorized positions: 100.8
BL 12-03 (999 Blanket): 3.7
Page 1

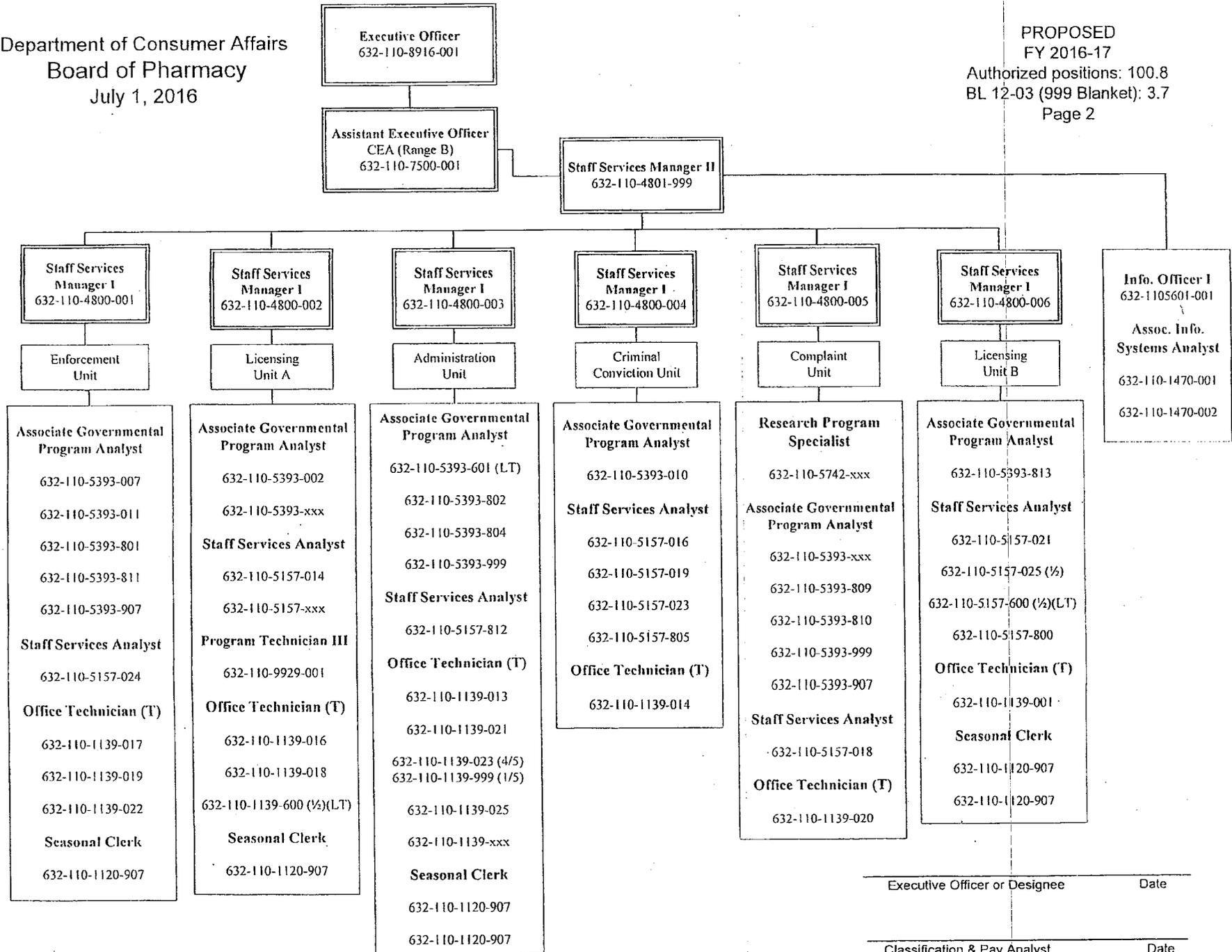


Executive Officer or Designee Date

Classification & Pay Analyst Date

Department of Consumer Affairs
Board of Pharmacy
July 1, 2016

PROPOSED
FY 2016-17
Authorized positions: 100.8
BL 12-03 (999 Blanket): 3.7
Page 2



Executive Officer or Designee _____ Date _____

Classification & Pay Analyst _____ Date _____

0767 - State Board of Pharmacy Analysis of Fund Condition

1.4.16

(Dollars in Thousands)

2015-16 Budget Act w/ Sterile Compounding and Prescription Drug Abuse BCPs

	ACTUAL 2014-15	Budget Act CY 2015-16	BY 2016-17	BY +1 2017-18
BEGINNING BALANCE	\$ 12,769	\$ 11,741	\$ 8,227	\$ 4,412
Prior Year Adjustment	\$ 109	\$ -	\$ -	\$ -
Adjusted Beginning Balance	\$ 12,878	\$ 11,741	\$ 8,227	\$ 4,412
REVENUES AND TRANSFERS				
Revenues:				
125600 Other regulatory fees	\$ 2,074	\$ 863	\$ 863	\$ 863
125700 Other regulatory licenses and permits	\$ 3,865	\$ 3,508	\$ 3,508	\$ 3,508
125800 Renewal fees	\$ 11,774	\$ 11,723	\$ 11,723	\$ 11,723
125900 Delinquent fees	\$ 184	\$ 172	\$ 172	\$ 172
131700 Misc. revenue from local agencies	\$ 262	\$ -	\$ -	\$ -
141200 Sales of documents	\$ -	\$ -	\$ -	\$ -
142500 Miscellaneous services to the public	\$ 1	\$ -	\$ -	\$ -
150300 Income from surplus money investments	\$ 33	\$ 25	\$ 13	\$ -
150500 Interest Income From Interfund Loans	\$ 4	\$ -	\$ -	\$ -
160400 Sale of fixed assets	\$ -	\$ -	\$ -	\$ -
161000 Escheat of unclaimed checks and warrants	\$ 21	\$ -	\$ -	\$ -
161400 Miscellaneous revenues	\$ 9	\$ -	\$ -	\$ -
Totals, Revenues	\$ 18,227	\$ 16,291	\$ 16,279	\$ 16,266
Transfers from Other Funds:				
FO0001 GF loan repay per item 1110-011-0767, BA of 2008				
Transfers to Other Funds:				
Totals, Revenues and Transfers	\$ 18,227	\$ 16,291	\$ 16,279	\$ 16,266
Totals, Resources	\$ 31,105	\$ 28,032	\$ 24,506	\$ 20,678
EXPENDITURES				
Disbursements:				
0840 State Operations	\$ 1	\$ -	\$ -	\$ -
1110 Program Expenditures (State Operations)	\$ 19,350	\$ 19,770	\$ 20,094	\$ 20,496
Sterile Compounding BCP	\$ -	\$ -	\$ -	\$ 1,088
Prescription Drug Abuse BCP	\$ -	\$ -	\$ -	\$ 1,261
8880 FISC (State Operations)	\$ 13	\$ 35	\$ -	\$ -
Total Disbursements	\$ 19,364	\$ 19,805	\$ 20,094	\$ 22,845
FUND BALANCE				
Reserve for economic uncertainties	\$ 11,741	\$ 8,227	\$ 4,412	\$ -2,167
Months in Reserve	7.1	4.9	2.3	-1.2