

## 2017-19 Biennium Budget Decision Package

**FINAL**

**Agency:** 303 Department of Health

**Decision Package Code/Title:** E1 Address Pharmacy Staff Shortage

**Budget Period:** 2017-19

**Budget Level:** PL-Performance Level

**Agency Recommendation Summary Text:**

In 2013, the number of Pharmacy Commission increased from 7 to 15 members. This was done to address a serious need to revise and update pharmacy rules to keep up with technology and changes in the healthcare delivery system. No staff was added to support the pharmacy commission in this important work. This Pharmacy Commission requests an additional 4.2 FTE staff and spending authority to support its critical commission operations.

**Fiscal Summary:** Decision package total dollar and FTE cost/savings by year, by fund, for 4 years. Additional fiscal details are required below.

Operating Expenditures	FY 2018	FY 2019	FY 2020	FY 2021
Fund 02G-1	448,000	448,000	448,000	448,000
<b>Total Cost</b>	<b>448,000</b>	<b>448,000</b>	<b>448,000</b>	<b>448,000</b>
Staffing	FY 2018	FY 2019	FY 2020	FY 2021
FTEs	4.2	4.2	4.2	4.2
<b>Revenue</b>	FY 2018	FY 2019	FY 2020	FY 2021
Fund 02G-1	429,000	457,000	457,000	457,000
<b>Object of Expenditure</b>	FY 2018	FY 2019	FY 2020	FY 2021
A - Salaries and Wages	290,000	290,000	290,000	290,000
B - Employee Benefits	101,000	101,000	101,000	101,000
E - Goods and Services	36,000	36,000	36,000	36,000
G - Travel	15,000	15,000	15,000	15,000
T- Intra Agency Reimb	6,000	6,000	6,000	6,000

**Package Description**

- In 2013 the number of Pharmacy Commission increased from 7 to 15 members. This was done to address a serious need to revise and update pharmacy rules to keep up with technology and changes in the healthcare delivery system. No staff was added to support the pharmacy commission in this important work.
- Currently more than 29 WAC Chapters relate to pharmacy. These are required to be reviewed every five years. Currently there are 15 rules in process and several others that are pending action based on petitions, legislation or stakeholder request. The Commission also

hears from the regulated community a desire to improve communication around new laws, rules or pharmacy commission decisions or interpretations.

- Health care is changing at a rapid pace. Health system transformation, evolving technology, and changes in pharmacy practice all require contemporary pharmacy rules that do not create barriers to these innovations. In addition, contemporary rules also support a more efficient and effective way for the regulated communities to make needed changes in technology and practice. This will also support healthy and safe communities.
- The Department is seeking spending and fee authority to support the addition of 4.2 FTEs to further the efforts of the Pharmacy Commission. It is requesting 1.0 FTE Program Support, 1.0 FTE Pharmacist Consultant, and 1.0 FTE Rules Coordinator for commission work, as well as 0.7 FTE Fiscal Analyst 2 and 0.5 FTE Health Services Consultant 1 to cover indirect costs.
  - Program Support is requested to help current staff manage the day to day needs of the Commission. As the Commission is currently developing 17 rules packages, additional staff is necessary to manage the rules calendar and tasks associated with the increased workload. This staff would also support development of additional messaging and communication related to the new legislation, rules and actions of the commission. This would help inform the licensees and public on how to comply, and what to expect.
  - Pharmacist Consultant is needed to address the increasing workload of Commission staff, primarily the development and updating of rules. A significant number of the rules related to the regulation of pharmacy are out of date, and many of today's pharmacy systems and practices do not work with existing WAC standards. This creates additional work for the commission as each of these systems and practices must be approved following case-by-case staff review and presentation to the commission. Crafting the new rules requires the expertise of a pharmacy consultant to articulate regulatory, enforcement and field operations perspectives. Updating many rules like sterile compounding or the new inspection process require the Pharmacy Commission staff to be available to provide technical consultation on compliance with new standards. A pharmacist consultant can also support work with applicants for projects requiring individual practice level review and decision by the commission.
  - The Rules Coordinator is needed to address the increasing workload of commission staff, primarily the development and updating of rules. A significant number of the rules related to the regulation of pharmacy are out of date, and many of today's pharmacy systems and practices do not work with existing WAC standards. This creates additional work for the commission as each of these systems and practices must be approved as an exception.
  - Estimated expenditures for indirect positions include salary, benefit, and related costs to assist with administrative workload activities. These activities include: policy and legislative relations; information technology; budget and accounting services; human resources; contracts; procurement, risk management, and facilities management.
- Collectively these positions can help address changes in the role of a pharmacist in patient health, and the ever-increasing utilization of technology and new drug therapies. The commission must be able to assess these changes and evaluate their impact on pharmacy regulation. This package:

- Will allow for more rapid development and/or revision of current pharmacy related rules that are out of date and do not support current technology or evolving health care delivery models.
- Will allow for commission staff to effectively and efficiently review and present individual pharmacy requests for consideration and action by the commission.
- Will allow for a more robust communication to licensees of changes to laws, rules or other decisions by the commission that impact how practice is provided and compliance with regulations.
- This will also include increased education on how to best comply with practice standards.

**Contact Information:**

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**Base Budget: If the proposal is an expansion or alteration of a current program or service, provide information on the resources now devoted to the program or service.** Please include annual expenditures and FTEs by fund and activity (or provide working models or backup materials containing this information).

The Pharmacy Commission is comprised of two distinct components: Program and Investigation/Inspection. Both components fall under Activity A015 Patient and Consumer Safety and paid solely out of the health professions account. In fiscal year 2016, Program staff expended \$1,466,000 and 7.4 FTE's and Investigation/Inspection staff expended \$2,112,000 and 12.6 FTE's. In total the Pharmacy Commission expended \$3,578,000 of 02G-1 (Health Professions Account) funds and 20.0 FTE's in fiscal year 2016.

**Decision Package expenditure, FTE and revenue assumptions, calculations and details:** Agencies must clearly articulate the workload or policy assumptions used in calculating expenditure and revenue changes proposed.

Expenditure and FTE assumptions, calculations, and details:

- Using the DOH Financial Calculator, starting in fiscal year 2018 and ongoing costs will be \$448,000 and 4.2 FTE each fiscal year. This includes 1.0 FTE program support, 1.0 FTE Pharmacist Consultant, 1.0 FTE Rules Coordinator, and 1.2 FTE indirect positions. Costs will include salaries, benefits, associated costs, and travel.

Revenue assumptions, calculations, and details:

- The proposed professions and facilities to receive a fee increase are: Pharmacist; Pharmacist Technician; Pharmacy Location; Pharmaceutical Manufacturer; and Pharmaceutical Wholesaler. These professions have the largest number of licensees within the Pharmacy Commission. Based on the number of licensee and growth rate, the estimated additional 02G-1 revenue in fiscal year 2018 is \$429,000 and fiscal year 2019 is \$457,000.

## **Decision Package Justification and Impacts**

### **What specific performance outcomes does the agency expect?**

This proposal directly supports the Governor's priority for Healthy and Safe Communities.

Health system transformation, evolving technology, and changes in pharmacy practice all require contemporary pharmacy rules that do not create barriers to these innovations. In addition, contemporary rules also support a more efficient and effective way for the regulated communities to make needed changes in technology and practice. This will also support healthy and safe communities.

Without the additional capacity for presenting individual pharmacy practice approval requests or updating rules, the ability to address a growing backlog will not be addressed. This will also not allow for the expansion of the education of the regulated community, which supports compliance with pharmacy standards.

Describe and quantify the specific performance outcomes the agency expects as a result of this funding change.

### **Performance Measure detail:**

#### **Is this DP essential to implement a strategy identified in the agency's strategic plan?**

Goal 3: Ensure health equity and improve population health.

Objective 2: Implement public health elements of Healthier Washington, Washington's approach to health system transformation and innovation.

#### **Fully describe and quantify expected impacts on state residents and specific populations served:**

Increasing the ability to update rules will decrease burden on the pharmacy commission, commission staff and regulated community. For example, each facility wanting to add an Automated Drug Dispensing Device (ADDD) must submit an application for review by staff and then approval by the commission. Rules for ADDD will provide guidance on standards and eliminate the need for individual practice site approval. This reduces burden on all healthcare providers, as well as ADDD vendors. Improved communication will allow for better understanding of changed laws and rules, and make compliance easier and reduce deficiencies on inspections.

More than 29 WAC Chapters relate to pharmacy. These are required to be reviewed every five years. There are 15 rules in process and several others that are pending action based on petitions, legislation or stakeholder request. The Commission hears from the regulated community a desire to improve communication around new laws, rules or pharmacy commission decisions or interpretations.

**What are other important connections or impacts related to this proposal?** Please complete the following table and provide detailed explanations or information below:

Impact(s) To:		Identify / Explanation
Regional/County impacts?	No	Identify:
Other local gov't impacts?	No	Identify:
Tribal gov't impacts?	No	Identify:
Other state agency impacts?	No	Identify:
Responds to specific task force, report, mandate or exec order?	Yes	<b>Identify:</b> Several rules projects are related to legislative changes, executive orders and stakeholder petitions.
Does request contain a compensation change?	No	Identify:
Does request require a change to a collective bargaining agreement?	No	Identify:
Facility/workplace needs or impacts?	Yes	<b>Identify:</b> Capacity to support 4.2 additional FTE. This can be through onsite cubicles or other alternative workspace solutions.
Capital Budget Impacts?	No	Identify:
Is change required to existing statutes, rules or contracts?	Yes	<b>Identify:</b> The work to change several rules is a result of legislation over the last two years.
Is the request related to or a result of litigation?	No	<b>Identify lawsuit (please consult with Attorney General's Office):</b>
Is the request related to Puget Sound recovery?	No	<b>If yes, see budget instructions Section 14.4 for additional instructions</b>
Identify other important connections		

**Please provide a detailed discussion of connections/impacts identified above.**

The rulemaking process includes extensive stakeholder work to collect input and then to communicate the results. The staff will help support the ability to provide communication to the

regulated community improving the ability to comply with regulations and effectively provide safe patient care.

**What alternatives were explored by the agency and why was this option chosen?**

The commission considered options that included a mix of job classifications. The option chosen was felt to be the best solution which would best allow reaching the goals of revising rules, addressing practice presentation backlogs and providing guidance to the regulated community.

**What are the consequences of not funding this request?**

Without the additional capacity for presenting individual pharmacy practice approval requests or updating rules, the ability to address a growing backlog will not be addressed. This will also not allow for the expansion of the education of the regulated community, which supports compliance with pharmacy standards. The support staff and pharmacist consultant will be a critical add to the commission’s staff to assist with pharmacists implementing the new rules governing sterile compounding. Ensuring steady, consistent communication with stakeholders and the public is a goal of the commission.

**How has or can the agency address the issue or need in its current appropriation level?**

The commission continues to develop or revise rules, work with the regulated community to prepare individual practice reviews by the commission, provide technical assistance, and provide communication of changes and guidance to support compliance, albeit at a much slower pace than desired.

**Other supporting materials:** Please attach or reference any other supporting materials or information that will help analysts and policymakers understand and prioritize your request.

**Information technology:** Does this Decision Package include funding for any IT-related costs, including hardware, software, services (including cloud-based services), contracts or IT staff?

- No 
- Yes Continue to IT Addendum below and follow the directions on the bottom of the addendum to meet requirements for OCIO review.)