



State Fiscal Note for Bill Number: 2022-H-7235

Date of State Budget Office Approval: Tuesday, March 22, 2022

Date Requested: Wednesday, March 2, 2022

Date Due: Saturday, March 12, 2022

<i>Impact on Expenditures</i>		<i>Impact on Revenues</i>	
FY 2022	\$0	FY 2022	\$0
FY 2023	\$0	FY 2023	\$335,830
FY 2024	\$0	FY 2024	(\$331,540)

*Explanation by State
Budget Office:*

This Act amends multiple sections of RIGL Chapter 5-19.1, entitled "Pharmacies," by making the following updates to pharmacy licensure requirements and fees:

RIGL Section 5-19.1-11 entitled "Nonresident pharmacy – Fees – Display – Declaration of ownership and location." Is amended by establishing a minimum annual fee of \$625 for the non-resident pharmacy license. The current fees, set by the Department of Health (DOH) through the regulatory process, are \$340 for the original application and an annual renewal fee of \$180.

RIGL Section 5-19.1-15 entitled "Pharmacy interns- License – Fees – Renewals." is amended by requiring pharmacy Intern licenses be valid for a minimum of five years. Currently, the pharmacy intern license must be renewed annually.

RIGL Section 5-19.1-16 entitled "Pharmacy technicians- License – Fees – Renewals." is amended by requiring pharmacy technician licenses be valid for a minimum of two years. Currently, the Pharmacy Intern License must be renewed annually.

*Comments on
Sources of Funds:*

All revenues collected from the license fees outlined in this bill are deposited into the General Fund as departmental receipt general revenue.

*Summary of Facts
and Assumptions:*

1. Due to timing, it is assumed all of the proposed changes will be implemented on July 1, 2022, and the bill will therefore have no fiscal impact in FY 2022.

2. DOH provided the number of licenses processed by the Department in FY 2021, this analysis assumes no change in demand for licenses.

3. The proposed changes will impact the revenue collected by DOH by adjusting the cost of licenses and the frequency a license is renewed. The revenue is collected as a departmental receipt and deposited into the general fund as general revenue.

4. The estimated impact on revenue collections for each provision/license is as follows:

Non-Resident Pharmacy License:

Current Fee: \$340 for a newly issued license with an annual renewal fee of \$180.
FY 2021 New Licenses Issued: 169

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FY 2021 License Renewals Issued: 762
FY 2021 Non-Resident Pharmacy License Revenue Collected: \$194,620

Assuming DOH adopts the minimum fee of \$650 for both new applications and annual renewals, it is estimated the Department will process 931 licenses and collect \$605,150 in revenue annually. This results in a net increase of \$410,530 in annual general revenue collections.

Pharmacy Intern License:

Current Fee: \$70, renewed annually.
FY 2021 New Licenses Issued: 155
FY 2021 License Renewals Issued: 396
FY 2021 Pharmacy Intern License Revenue Collected: \$38,570

It is assumed DOH will adopt the minimum validation period of five years for each license issued. All active licenses are valid for one year and will need to be reissued in FY 2023. Beginning in FY 2023, all licenses issued will be valid for a period of five years. It is assumed that FY 2023 licenses applications will be consistent with FY 2021 and there will be no change in revenues collected. In FY 2024 only new licenses will be issued, as all licenses issued in FY 2023 will still be valid. It is estimated DOH will process 155 pharmacy intern licenses in FY 2024 and generate \$10,850 in revenue, which represents a net loss of \$27,720 in anticipated revenue collection.

Pharmacy Technician License:

Current Fee: \$25, renewed annually.
FY 2021 New Licenses Issued: 1,040
FY 2021 License Renewals Issued: 2,086
FY 2021 Pharmacy Technician License Revenue Collected: \$78,150

It is assumed DOH will adopt the minimum validation period of two years for each license issued. All active licenses are valid for one year and will need to be reissued in FY 2023. Beginning in FY 2023, all licenses issued will be valid for a period of two years. It is assumed that FY 2023 licenses applications will be consistent with FY 2021 and there will be no change in revenues collected. In FY 2024 only new licenses will be issued, as all licenses issued in FY 2023 will still be valid. It is estimated DOH will process 1,040 pharmacy technician licenses in FY 2024 and generate \$26,000 in revenue, which represents a net loss of \$52,150 in anticipated revenue collection.

Pharmacist License:

Current Fee: \$280, renewed annually
FY 2021 New Licenses Issued: 140
FY 2021 License Renewals Issued: 2,350
FY 2021 Non-Resident Pharmacy License Revenue Collected: \$697,200

All active licenses are valid for one year and will need to be reissued in FY 2023. beginning in FY 2023, all licenses issued will be valid for a period of two years. Additionally, it is assumed DOH will adopt the new maximum biennial fee of \$250. FY 2023 licenses applications will be consistent with FY 2021, and the lower fee will result in a decrease of \$74,700 in anticipated revenue collection. In FY 2024 only new licenses will be issued, as all licenses issued in FY 2023 will still be valid. It is estimated DOH will process 140 pharmacist licenses in FY 2024 and generate \$35,000 in revenue, which represents a net loss of \$662,200 in anticipated revenue collection. It should be noted that the bill sets the licensing period based on the calendar year. Newly issued licenses will expire on December 31st of the first full year after the license is issued. For example, a license issued on July 1, 2022, will be expire on December 31, 2023. This is not anticipated to impact revenues.

5. The computer system currently used to maintain DOH's licenses will require significant programming updates to implement the changes proposed in this bill. The Department is in the process of replacing the licensing system, and it is anticipated the new system will be implemented in August 2022. It is assumed DOH will be able to implement the proposed licensing changes within existing appropriations. Therefore, no expenditure impact is reported.

*Summary of Fiscal
Impact:*

As discussed above, this bill presents the following impact for state expenditures and revenue collections:

Expenditures:

FY 2022: \$0
FY 2023: \$0
FY 2024: \$0

Revenue:

FY 2022: \$0
FY 2023:
Non-Resident Pharmacy License: \$410,530
Pharmacy Intern License: \$0
Pharmacy Technician License: \$0
Pharmacist License: (\$74,700)
Total: \$335,830

FY 2024:
Non-Resident Pharmacy License: \$410,530
Pharmacy Intern License: (\$27,720)
Pharmacy Technician License (\$52,150)
Pharmacist License: (\$662,200)
Total: (\$331,540)

Budget Office Signature:



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Fiscal Advisor Signature:



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