



ORGANIZATIONAL DEVELOPMENT COMMITTEE

Amy Gutierrez, PharmD, Board President
Victor Law, RPh, Board Vice President

a. Discussion and Consideration of Proposal to Amend BPC Section 4400 to Require Collection of Application and Renewal Fees for Government-Owned Facilities

Attachment 1

During the last legislative session, the board sponsored legislation that established new licensure programs for the restocking of emergency medications on ambulances. There were fees established for the new programs, and included in the fees as an exemption for government-owned automated drug delivery systems. The Department of Finance asked why the board was exempting fees for government-owned drug delivery systems. In efforts to remove the opposition of the Department of Finance, the board removed the government exemption for licensure fees from SB 443. Board staff also committed to seek the removal of all exemptions for government owned facilities in our act. Other agencies, such as the Department of Public Health do not exempt government-owned facilities from licensure fees.

Approximately 600 government owned site licenses will be affected by the repeal of the fee exemption for government-owned facilities, which will increase board revenue by \$390,00 annually.

Attachment 1 contains draft language to repeal the government exemption for licensure fees.

b. Budget Update/Report

1. Final Budget Report for Fiscal Year 2016/2017

Attachment 2

Fiscal year 2016/2017 ended on June 30, 2017. However, the final FY 2016/2017 numbers were not available at the July Board Meeting, therefore the information is being provided at this meeting. The final budget information for FY 2016/2017 is summarized below.

The board received \$20,323,700 in revenue originating from the following:

Revenue Sources		
Source	Amount	Percentage
Licensing	\$16,930,200	83%
Citation Fines	\$2,094,300	10%
Cost Recovery	\$1,204,300	6%
Interest	\$94,900	1%

The board expended \$21,643,938, which is approximately 97% of its authorized budget. The largest expenditure categories are detailed below.

Expenditures		
Source	Amount	Percentage
Personnel	\$13,556,431	63%
Enforcement	\$3,711,060	17%
Prorata	\$2,529,354	12%

Attachment 2 includes the final budget charts for board revenue and expenditures for fiscal year 2016/2017.

2. Budget Report for Fiscal Year 2017/2018

The new fiscal year started July 1, 2017. The board’s authorized expenditures for the year are \$22,317,000.

In July 2017, the Department transitioned to a new statewide Accounting and Budgeting system known as Fi\$Cal. The Department went “live” in the Fi\$Cal system on July 10, 2017.

As with any type of significant change or transition to a new system, there have been unexpected challenges and hurdles to overcome during implementation. As a result, expenditure and revenue reports have proved difficult to extract from the system and has caused a delay in the Department being able to provide this information to boards and bureaus. According to the Department it is expected that the issues will be resolved in early November and the revenue and expenditure reports for the first three months of Fiscal Year 2017/2018 will be provided to the board at that time.

Board staff will review the budget reports to verify that the new Fi\$Cal system is accurately capturing the board’s revenue and expenditures. The budget information for Fiscal Year 2017/2018 will be provided at the next board meeting.

3. Fund Condition Report

Attachment 3

Attachment 3 includes the fund condition report prepared by the Department. The information below reflects the estimated fund condition as of October 24, 2017.

Fund Condition: With Fee Increase Effective July 1, 2017		
Fiscal Year	Fund Balance	Months in Reserve
2016/2017	\$8,084,000	4.1
2017/2017	\$9,838,000	4.9

2018/2019	\$11,258,000	5.5
2019/2020	\$12,226,000	5.9

The proposed FY 2018/2019 Governor’s Budget will be released in January 2018. The Governor’s Budget will include incremental changes to the board’s authorized expenditures for items such as employee compensation, approved budget change proposals, etc. Board staff will provide an updated fund condition reflecting the changes in the 2018/2019 Governor’s Budget at the next board meeting.

c. Board Member Reimbursement Information

Attachment 4

Board members may seek reimbursement for travel expenses and per diem payments. Board members are paid for each day of a board meeting but, in accordance with board policy, may also submit hours for work performed doing additional board business. It is important to note that these figures only represent hours and travel expenses where reimbursement was sought. It is not uncommon for board members to waive their per diem payments or only request partial reimbursement of travel expenses. The reimbursements are provided in **Attachment 4**.

d. Board Member Attendance Information

Attachment 5

At the request of the board president, a report of the board member attendance is provided at each board meeting.

Attachment 5 includes the board member attendance information for Fiscal Year 2017/2018.

e. Future Board Meeting Dates

1. Future Board Meeting Date for 2017

Board staff is currently in the process of selecting a date for a one-day board meeting to hear petitions for reinstatement of licensure or other reduction of penalties. Once the date and location are finalized the board’s website will be updated and a subscriber alert will be sent out.

2. Future Board Meeting Dates for 2018

Full Board Meetings
February 6-7, 2018
May 2-3, 2018
July 24-25, 2018
October 23-24, 2018

Petitioner Board Meetings
March 27, 2018
June 6, 2018
September 6, 2018
December 12, 2018

Attachment 1

Proposal to Amend BPC Section 4400.

The amount of fees and penalties prescribed by this chapter, except as otherwise provided, is that fixed by the board according to the following schedule:

- (a) The fee for a ~~nongovernmental~~ pharmacy license shall be five hundred twenty dollars (\$520) and may be increased to five hundred seventy dollars (\$570). The fee for the issuance of a temporary ~~nongovernmental~~ pharmacy permit shall be two hundred fifty dollars (\$250) and may be increased to three hundred twenty-five dollars (\$325).
- (b) The fee for a ~~nongovernmental~~ pharmacy license annual renewal shall be six hundred sixty-five dollars (\$665) and may be increased to nine hundred thirty dollars (\$930).
- (c) The fee for the pharmacist application and examination shall be two hundred sixty dollars (\$260) and may be increased to two hundred eighty-five dollars (\$285).
- (d) The fee for regrading an examination shall be ninety dollars (\$90) and may be increased to one hundred fifteen dollars (\$115). If an error in grading is found and the applicant passes the examination, the regrading fee shall be refunded.
- (e) The fee for a pharmacist license shall be one hundred ninety-five dollars (\$195) and may be increased to two hundred fifteen dollars (\$215). The fee for a pharmacist biennial renewal shall be three hundred sixty dollars (\$360) and may be increased to five hundred five dollars (\$505).
- (f) The fee for a ~~nongovernmental~~ wholesaler or third-party logistics provider license and annual renewal shall be seven hundred eighty dollars (\$780) and may be increased to eight hundred twenty dollars (\$820). The application fee for any additional location after licensure of the first 20 locations shall be three hundred dollars (\$300) and may be decreased to no less than two hundred twenty-five dollars (\$225). A temporary license fee shall be seven hundred fifteen dollars (\$715) and may be decreased to no less than five hundred fifty dollars (\$550).
- (g) The fee for a hypodermic license shall be one hundred seventy dollars (\$170) and may be increased to two hundred forty dollars (\$240). The fee for a hypodermic license renewal shall be two hundred dollars (\$200) and may be increased to two hundred eighty dollars (\$280).
- (h) (1) The fee for application, investigation, and issuance of a license as a designated representative pursuant to Section 4053, as a designated representative-3PL pursuant to Section 4053.1, or as a designated representative-reverse distributor pursuant to Section 4053.2 shall be one hundred fifty dollars (\$150) and may be increased to two hundred ten dollars (\$210).
- (2) The fee for the annual renewal of a license as a designated representative, designated representative-3PL, or designated representative-reverse distributor shall be two hundred fifteen dollars (\$215) and may be increased to three hundred dollars (\$300).
- (i) (1) The fee for the application, investigation, and issuance of a license as a designated representative for a veterinary food-animal drug retailer pursuant to Section 4053 shall be one hundred fifty dollars (\$150) and may be increased to two hundred ten dollars (\$210).
- (2) The fee for the annual renewal of a license as a designated representative for a veterinary food-animal drug retailer shall be two hundred fifteen dollars (\$215) and may be increased to three hundred dollars (\$300).

(j) (1) The application fee for a nonresident wholesaler or third-party logistics provider license issued pursuant to Section 4161 shall be seven hundred eighty dollars (\$780) and may be increased to eight hundred twenty dollars (\$820).

(2) For nonresident wholesalers or third-party logistics providers that have 21 or more facilities operating nationwide the application fees for the first 20 locations shall be seven hundred eighty dollars (\$780) and may be increased to eight hundred twenty dollars (\$820). The application fee for any additional location after licensure of the first 20 locations shall be three hundred dollars (\$300) and may be decreased to no less than two hundred twenty-five dollars (\$225). A temporary license fee shall be seven hundred fifteen dollars (\$715) and may be decreased to no less than five hundred fifty dollars (\$550).

(3) The annual renewal fee for a nonresident wholesaler license or third-party logistics provider license issued pursuant to Section 4161 shall be seven hundred eighty dollars (\$780) and may be increased to eight hundred twenty dollars (\$820).

(k) The fee for evaluation of continuing education courses for accreditation shall be set by the board at an amount not to exceed forty dollars (\$40) per course hour.

(l) The fee for an intern pharmacist license shall be one hundred sixty-five dollars (\$165) and may be increased to two hundred thirty dollars (\$230). The fee for transfer of intern hours or verification of licensure to another state shall be twenty-five dollars (\$25) and may be increased to thirty dollars (\$30).

(m) The board may waive or refund the additional fee for the issuance of a license where the license is issued less than 45 days before the next regular renewal date.

(n) The fee for the reissuance of any license, or renewal thereof, that has been lost or destroyed or reissued due to a name change shall be thirty-five dollars (\$35) and may be increased to forty-five dollars (\$45).

(o) The fee for the reissuance of any license, or renewal thereof, that must be reissued because of a change in the information, shall be one hundred dollars (\$100) and may be increased to one hundred thirty dollars (\$130).

(p) It is the intent of the Legislature that, in setting fees pursuant to this section, the board shall seek to maintain a reserve in the Pharmacy Board Contingent Fund equal to approximately one year's operating expenditures.

(q) The fee for any applicant for a ~~nongovernmental~~ clinic license shall be five hundred twenty dollars (\$520) for each license and may be increased to five hundred seventy dollars (\$570). The annual fee for renewal of the license shall be three hundred twenty-five dollars (\$325) for each license and may be increased to three hundred sixty dollars (\$360).

(r) The fee for the issuance of a pharmacy technician license shall be one hundred forty dollars (\$140) and may be increased to one hundred ninety-five dollars (\$195). The fee for renewal of a pharmacy technician license shall be one hundred forty dollars (\$140) and may be increased to one hundred ninety-five dollars (\$195).

(s) The fee for a veterinary food-animal drug retailer license shall be four hundred thirty-five dollars (\$435) and may be increased to six hundred ten dollars (\$610). The annual renewal fee for a veterinary food-animal drug retailer license shall be three hundred thirty dollars (\$330) and may be increased to four hundred sixty dollars (\$460).

(t) The fee for issuance of a retired license pursuant to Section 4200.5 shall be thirty-five dollars (\$35) and may be increased to forty-five dollars (\$45).

(u) The fee for issuance of a ~~nongovernmental~~ sterile compounding pharmacy license or a hospital satellite compounding pharmacy shall be one thousand six hundred forty-five dollars (\$1,645) and may be increased to two thousand three hundred five dollars (\$2,305). The fee for a temporary license shall be five hundred fifty dollars (\$550) and may be increased to seven hundred fifteen dollars (\$715). The annual renewal fee of the license shall be one thousand three hundred twenty-five dollars (\$1,325) and may be increased to one thousand eight hundred fifty-five dollars (\$1,855).

(v) The fee for the issuance of a nonresident sterile compounding pharmacy license shall be two thousand three hundred eighty dollars (\$2,380) and may be increased to three thousand three hundred thirty-five dollars (\$3,335). The annual renewal of the license shall be two thousand two hundred seventy dollars (\$2,270) and may be increased to three thousand one hundred eighty dollars (\$3,180). In addition to paying that application fee, the nonresident sterile compounding pharmacy shall deposit, when submitting the application, a reasonable amount, as determined by the board, necessary to cover the board's estimated cost of performing the inspection required by Section 4127.2. If the required deposit is not submitted with the application, the application shall be deemed to be incomplete. If the actual cost of the inspection exceeds the amount deposited, the board shall provide to the applicant a written invoice for the remaining amount and shall not take action on the application until the full amount has been paid to the board. If the amount deposited exceeds the amount of actual and necessary costs incurred, the board shall remit the difference to the applicant.

(w) The fee for the issuance of an outsourcing facility license shall be two thousand two hundred seventy dollars (\$2,270) and may be increased to up to three thousand one hundred eighty dollars (\$3,180) by the board. The fee for the renewal of an outsourcing facility license shall be one thousand three hundred twenty-five dollars (\$1,325) and may be increased to up to one thousand eight hundred fifty-five dollars (\$1,855) by the board. The fee for a temporary outsourcing facility license shall be seven hundred fifteen dollars (\$715).

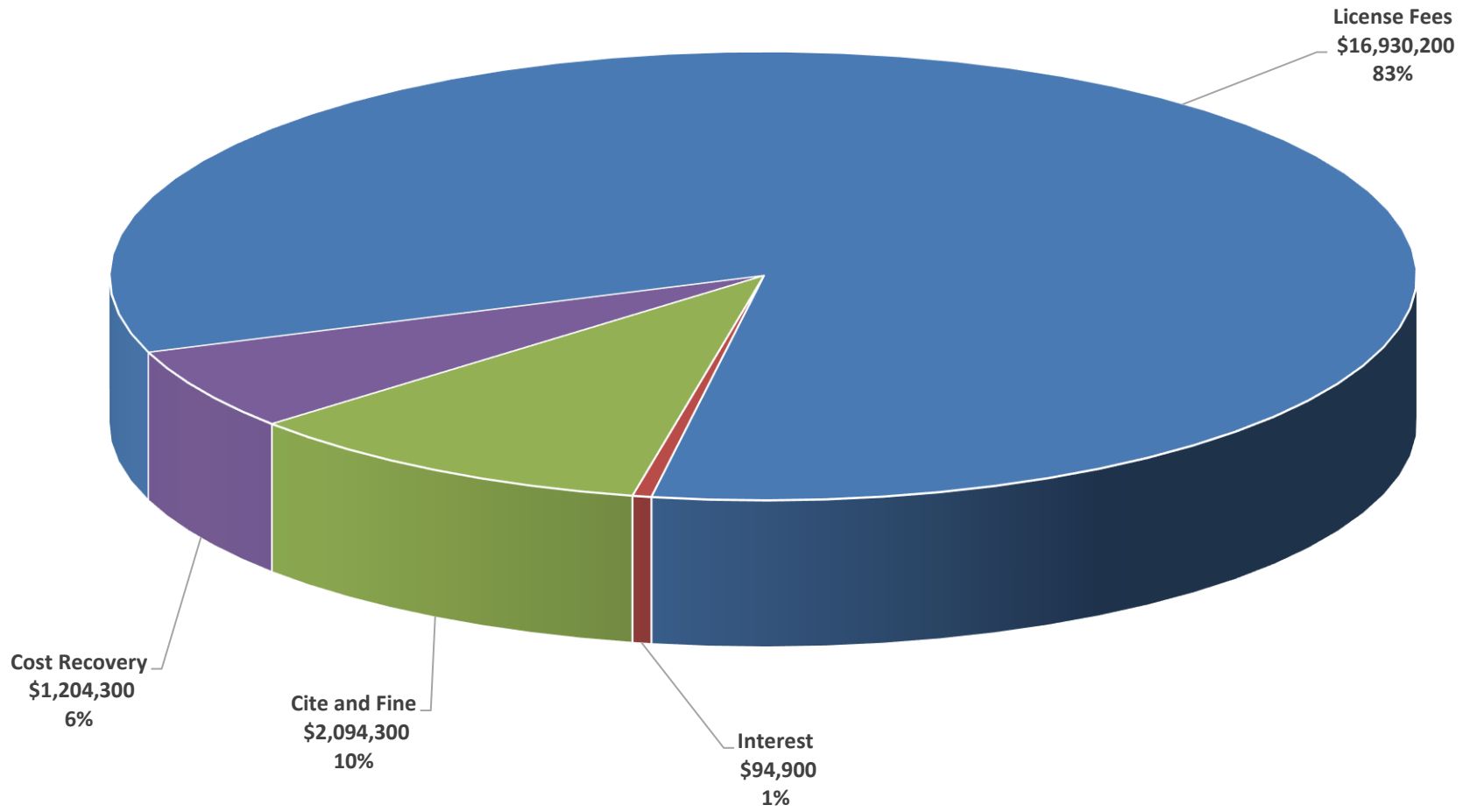
(x) The fee for the issuance of a nonresident outsourcing facility license shall be two thousand three hundred eighty dollars (\$2,380) and may be increased to up to three thousand three hundred thirty-five dollars (\$3,335) by the board. The fee for the renewal of a nonresident outsourcing facility license shall be two thousand two hundred seventy dollars (\$2,270) and may be increased to up to three thousand one hundred eighty dollars (\$3,180) by the board. In addition to paying that application fee, the nonresident outsourcing facility shall deposit, when submitting the application, a reasonable amount, as determined by the board, necessary to cover the board's estimated cost of performing the inspection required by Section 4129.2. If the required deposit is not submitted with the application, the application shall be deemed to be incomplete. If the actual cost of the inspection exceeds the amount deposited, the board shall provide to the applicant a written invoice for the remaining amount and shall not take action on the application until the full amount has been paid to the board. If the amount deposited exceeds the amount of actual and necessary costs incurred, the board shall remit the difference to the applicant.

(y) The fee for the issuance of a centralized hospital packaging license shall be eight hundred twenty dollars (\$820) and may be increased to one thousand one hundred fifty dollars (\$1,150). The annual renewal of the license shall be eight hundred five dollars (\$805) and may be increased to one thousand one hundred twenty-five dollars (\$1,125).

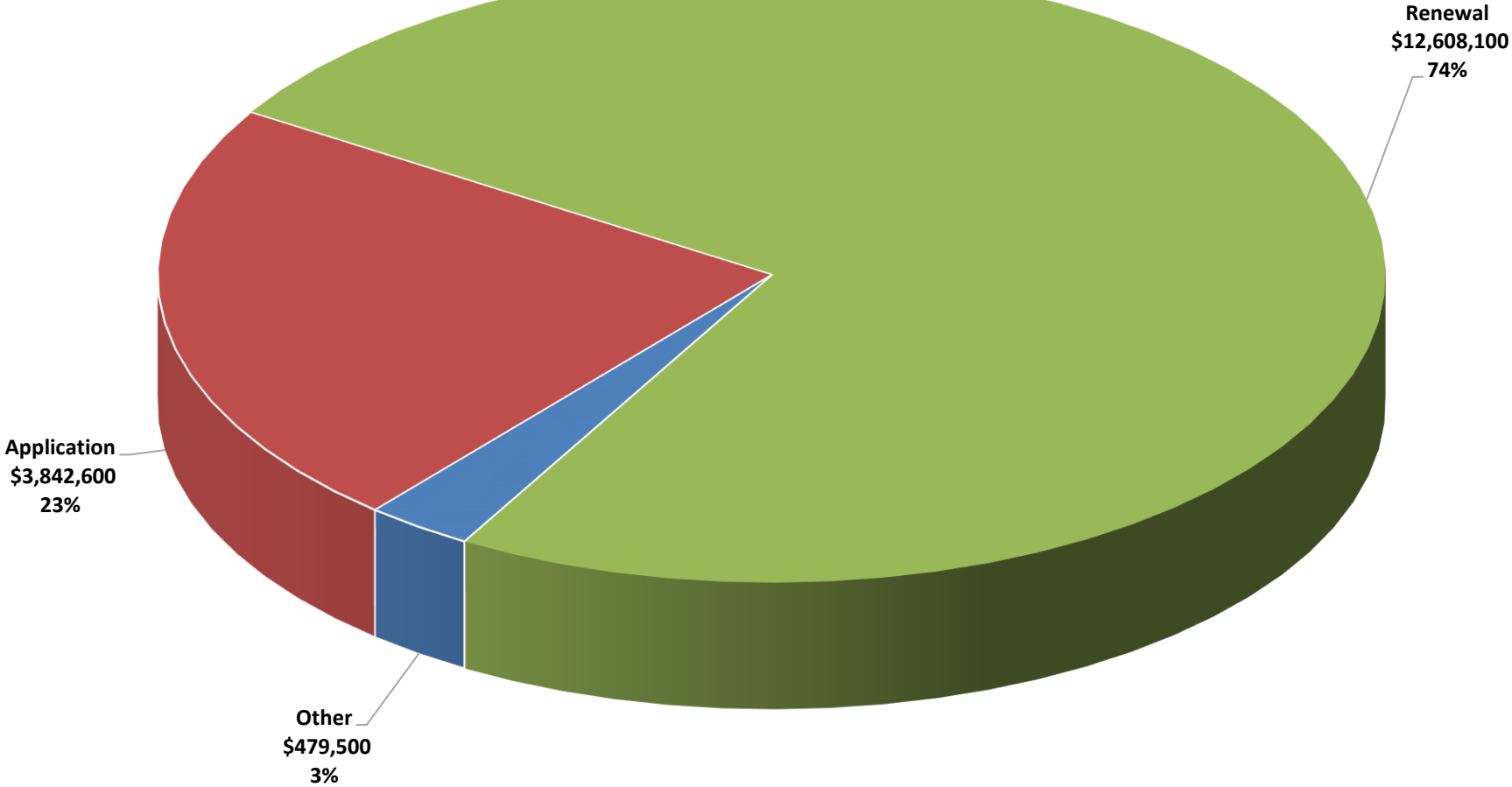
~~(z) This section shall become operative on July 1, 2017.~~

Attachment 2

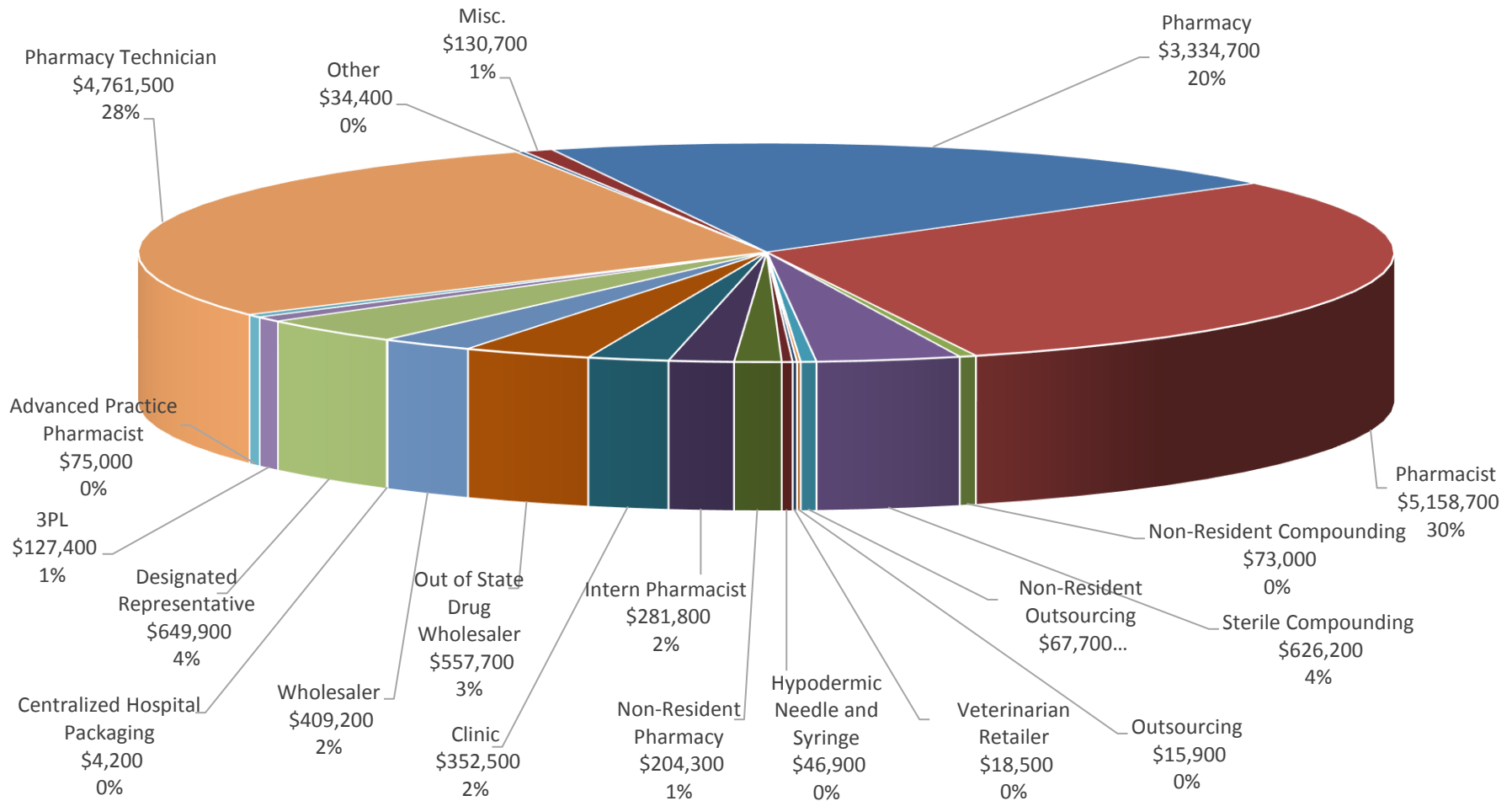
Origin of Revenue
FY 2016-2017
FM 13
\$ 20,323,700



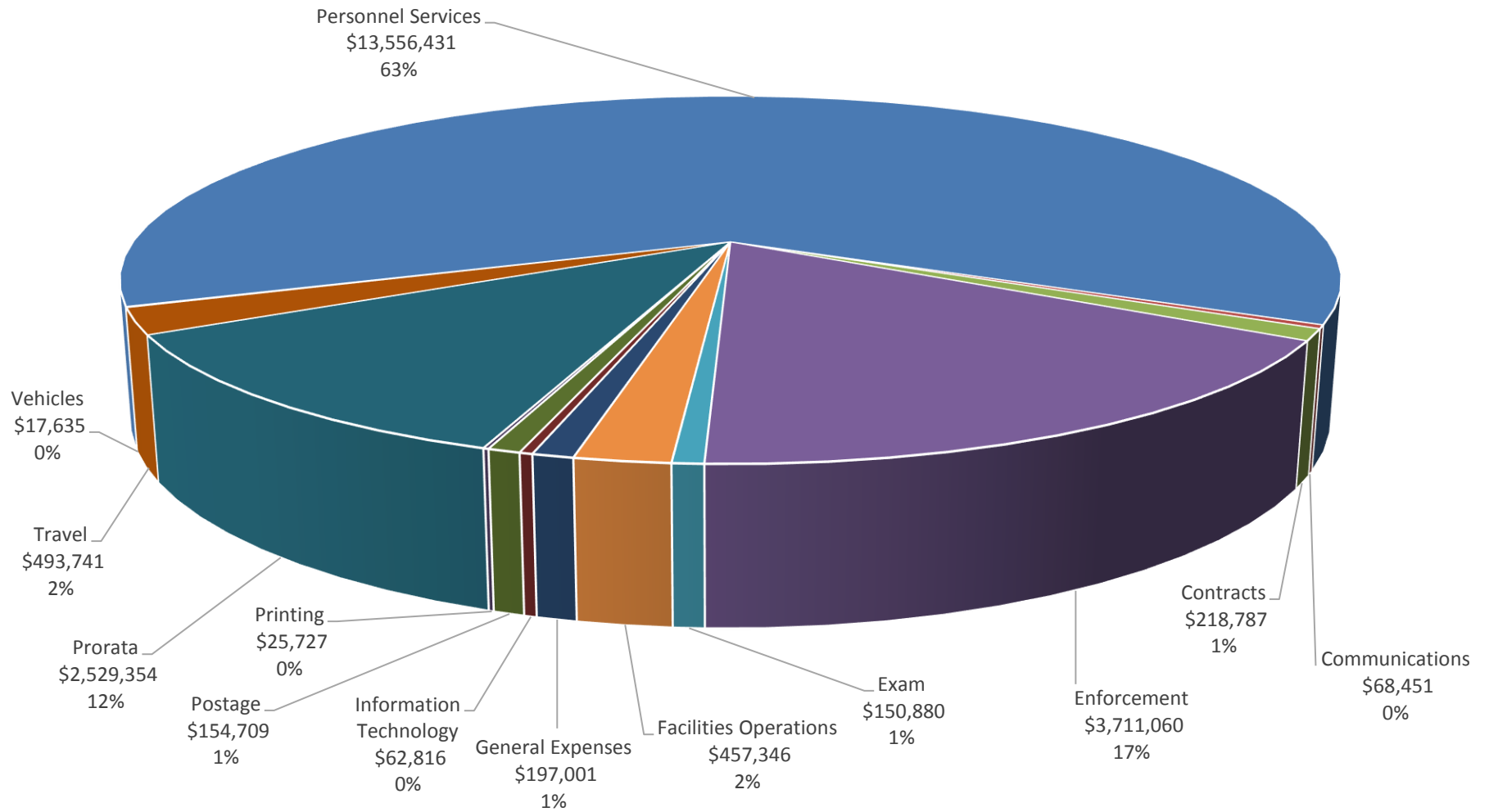
Applications vs. Renewals
FY 2016-2017
FM 13
\$16,930,200



Revenue by Program
FY 2016-2017
FM 13
\$16,930,200



**Expenditures
FY 2016-2017
FM 13
\$ 21,643,938**



Attachment 3

0767 - State Board of Pharmacy Analysis of Fund Condition

Prepared 10.24.17

(Dollars in Thousands)

2017 Budget Act	Budget Act			
	PY 2016-17	CY 2017-18	BY 2018-19	BY +1 2019-20
BEGINNING BALANCE	\$ 10,518	\$ 8,084	\$ 9,838	\$ 11,258
Prior Year Adjustment	\$ 157	\$ -	\$ -	\$ -
Adjusted Beginning Balance	\$ 10,675	\$ 8,084	\$ 9,838	\$ 11,258
REVENUES AND TRANSFERS				
Revenues:				
125600 Other regulatory fees	\$ 2,448	\$ 1,666	\$ 1,666	\$ 1,666
125700 Other regulatory licenses and permits	\$ 3,843	\$ 4,819	\$ 4,819	\$ 4,819
125800 Renewal fees	\$ 12,419	\$ 18,726	\$ 18,726	\$ 18,726
125900 Delinquent fees	\$ 189	\$ 205	\$ 205	\$ 205
131700 Misc. revenue from local agencies	\$ 2	\$ -	\$ -	\$ -
141200 Sales of documents	\$ 1	\$ -	\$ -	\$ -
150300 Income from surplus money investments	\$ 77	\$ 29	\$ 34	\$ 37
161000 Escheat of unclaimed checks and warrants	\$ 116	\$ -	\$ -	\$ -
161400 Miscellaneous revenues	\$ 7	\$ -	\$ -	\$ -
Totals, Revenues	\$ 19,102	\$ 25,445	\$ 25,450	\$ 25,453
Transfers to Other Funds:				
Totals, Revenues and Transfers	\$ 19,102	\$ 25,445	\$ 25,450	\$ 25,453
Totals, Resources	\$ 29,777	\$ 33,529	\$ 35,288	\$ 36,711
EXPENDITURES				
Disbursements:				
1110 Program Expenditures (State Operations)	\$ -	\$ -	\$ -	\$ -
1111 Program Expenditures (State Operations)	\$ 20,502	\$ 22,317	\$ 22,763	\$ 23,218
8880 FISC (State Operations)	\$ 26	\$ 27	\$ 27	\$ 27
9900 Statewide Pro Rata	\$ 1,165	\$ 1,347	\$ 1,240	\$ 1,240
Total Disbursements	\$ 21,693	\$ 23,691	\$ 24,030	\$ 24,485
FUND BALANCE				
Reserve for economic uncertainties	\$ 8,084	\$ 9,838	\$ 11,258	\$ 12,226
Months in Reserve	4.1	4.9	5.5	5.9

Attachment 4

**Board Member Reimbursement
And Travel Expense Expenses
FY 2017/2018 FM 3**

Board Members	Attendance Hours* <small>Reflects reimbursements received during the current fiscal year.</small>	Travel Expenses <small>Reflects reimbursements received during the current fiscal year.</small>
Brooks, Ryan	8	\$0.00
Butler, Lavanza	32	\$161.64
Gutierrez, Amy	0	\$290.46
Law, Victor	40	\$118.49
Khan, Amjad	0	\$0.00
Lippe, Gregory	40	\$108.49
Munoz, Valerie	32	\$88.86
Sanchez, Ricardo	48	\$0.00
Schaad, Allen	48	\$203.79
Veale, Deborah	32	\$152.54
Weisser, Stanley	32	\$250.73
Wong, Albert	32	\$261.35

***Board Member Attendance Hours reflects the number of hours for which board members have been reimbursed. Board members may choose not to seek reimbursement for work performed for the board.**

Attachment 5

Summary Meeting Attendance FY 2017/2018 (July-September)

Background: The board is required by law to meet at least once every four months and may meet more often as it determines necessary. The board's strategic plan directs four full board meetings annually.

The board's strategic plan establishes five standing committees through which the board establishes its goals and organizes its activities in pursuit of ensuring the public health, safety and welfare, and to assure the provision of quality pharmacist's care. These five committees develop policy related to a board mission-related goal. The five committees are: Licensing, Enforcement, Communication and Public Education, Legislation and Regulation, and Organizational Development. Each committee typically meets once before a quarterly board meeting. Committee assignment is at the discretion of the board president.

Note: Each board member is assigned to a different number of committees and committee assignments can change throughout the year. The chart below provides the number of meetings each member should have attended based on their individual committee assignments.

Board Member	Total Number of Board and Committee Meetings	Total Number of Board and Committee Meetings ATTENDED	Percentage
Brooks	5	1	20%
Butler	6	4	67%
Gutierrez	7	7	100%
Khan	5	3	60%
Law	5	5	100%
Lippe	6	5	83%
Munoz	6	4	67%
Sanchez	8	7	88%
Schaad	6	6	100%
Veale	7	5	71%
Weisser	7	4	57%
Wong	6	5	83%

Full Board Meetings - FY 2017/2018				
	July 25, 2017	July 26, 2017	September 19, 2017	September 28, 2017
Brooks				
Butler	x	x		x
Gutierrez	x	x	x	x
Khan	x	x	x	
Law	x	x	x	x
Lippe	x	x	x	
Munoz			x	x
Sanchez	x	x		x
Schaad	x	x	x	x
Veale		x	x	x
Weisser	x	x		x
Wong	x	x	x	

Enforcement Committee Meetings – FY 2017/2018		
	July 12, 2017	September 15, 2017
Gutierrez	x	x
Lippe	x	x
Munoz	x	x
Sanchez	x	N/A
Schaad	x	x
Weisser	N/A	

Licensing Committee Meetings – FY 2017/2018		
	July 19, 2017	August 22, 2017
Butler	x	
Gutierrez	N/A	x
Sanchez	x	x
Veale		x
Weisser	x	
Wong	x	x

Communication and Public Education Committee Meetings FY 2017/2018	
	September 20, 2017
Brooks	x
Khan	
Law	x
Sanchez	x
Veale	x