



Organizational Development Committee

Seung Oh, Licensee Member, President
 Maria Serpa, Licensee Member, Vice-President

a. Budget Update and Report

Fiscal Year 2022/2023 (Current Year)

The 2022/23 Fiscal Year (FY) began July 1, 2022. The Board's spending authorization for the year is \$31,375,000, which is about 2.5% increase from the prior year. Based on current preliminary budget reports for July and August has received \$5,178,355 in revenue originating from the following:

Revenue Sources Table: FY 2022/2023

Source	Amount	Percentage
Licensing	\$4,719,810	91%
Cost Recovery	\$132,788	3%
Citation Fines	\$325,681	6%
Interest	\$76,000	0%

Further, the Board estimates it has expended \$4,379,900 during this timeframe. The largest expenditure categories are detailed below.

Expenditures Table: FY 2022/2023

Source	Amount	Percentage
Personnel	\$3,275,400	79%
Pro rata	\$1,004,700	23%
Enforcement*	\$14,600	1%
Facilities Operations	\$52,900	1%

*Billing is typically delayed at least one month.

Fiscal Year 2021/2022 (Prior Year)

Final budget figures for fiscal year 2021/2022 indicate that the Board received \$36,076,868 in revenue originating from the following:

Revenue Sources Table: FY 2021/2022

Source	Amount	Percentage
Licensing	\$33,293,622	92%
Cost Recovery	\$1,659,400	5%
Citation Fines	\$1,051,318	3%
Interest	\$72,488	0%

Further, the Board expended \$29,526,292. The largest expenditure categories are detailed below.

Expenditures Table: FY 2021/2022

Source	Amount	Percentage
Personnel	\$18,865,029	64%
Pro rata	\$4,073,043	14%
Enforcement	\$4,416,191	15%
Facilities Operations	\$695,528	2%

Fund Condition

Below is a summary of the Analysis of Fund Condition prepared by the department. The fund condition reflects a \$2.4M loan to the general fund in FY 2020/21. More recently, the Board transferred \$1.283M to the general fund pursuant to the Governor's Budget.

Fund Condition Table: FY 2021/2022

Fiscal Year	Fund Balance	Months in Reserve*
2021/2022	\$13,849,000	4.9
2022/2023	\$12,203,000	4.2
2023/2024	\$9,616,000	3.2
2024/2025	\$6,006,000	2.0
2025/2026	\$1,329,000	0.4

*Business and Professions Code section 4400 (p) provides that it is the intent of the Legislature that, in setting fees, the Board shall seek to maintain a reserve in the Board's fund equal to approximately one year's operating expenditures.

As the fund analysis projects a gradual depletion of the Board's fund, an independent audit of the Board's fund and fees was conducted. The audit report and presentation are included as a separate agenda item.

Attachment 1 includes the Analysis of Fund Condition prepared by the department and detailed budget charts.

b. Board Member Attendance Information and Mail Vote Information

Board Member Attendance Information

Attachment 2 includes a summary of Board member attendance at committee and Board meetings for FY 2022/23.

Mail Vote Information

As previously mentioned, beginning the first quarter of fiscal year 2022/2023, quarterly reporting of member participation in the mail vote process resumed. **Attachment 3** includes member participation in the mail vote process for FY 2022/23.

c. Personnel Update

The Board currently has 14.5 vacant positions detailed below.

- 3 Inspector positions, includes one position effective July 1, 2022.
- 6.5 Licensing positions, includes 2.5 new positions effective July 1, 2022.
- 2 Enforcement positions
- 3 Administration positions, including the Assistant Executive Officer

d. Discussion and Consideration of Possible Change to Business and Professions Code Section 4400, Related to Fees

Relevant Law

Business and Professions Code section 4400 generally establishes the Board's statutory minimum and maximum fees for applications and renewals. Subsection (p) further specifically states that 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.

Background

As indicated previously in this report, the Board's fund does not meet the requirements of the law. In recognition of this, the Board contracted for an independent fee analysis. The recommendations of the audit will be discussed in a separate agenda item; however, the results of the fee audit demonstrate that the Board is not fully recovering its costs. Further, the Board is scheduled to run out of money to operate in FY 2026-27.

There are a number of reasons contributing to the increase in expenditures. Over the past five years the board has experienced:

- 60% increase in state distributed costs (pro rata).
- 23% increase in enforcement related costs.
- 26% increase in personnel.

Increases in enforcement related costs are attributed in large part to a 30% increase in the hourly rate assessed for AGO services. Increases in personnel costs are attributed in part to salary increases, but also in response to new legislative mandates without commensurate increases in revenue.

Attachment 4 includes recommended fees for consideration by the Board along with the current statutory minimum and maximum fees and the current fee. These recommendations are established in large part based on the findings of the fee audit. The recommended fees would recast the Board's current fee schedule including new statutory minimum and maximum fees.

The scope of the fee change varies based on the license type. As recommended the intern application fee and pharmacy technician application fees will be reduced. Further, 17 of the fee types would not

experience a fee change unless the Board raised fees via regulation after statutory changes become effective. As an example, the current Advanced Practice Pharmacist Application and Renewal fees are \$300. As proposed the statutory minimum would remain \$300 and a statutory maximum would be added. In addition, in some instances the current fee paid would become the new statutory minimum with a higher statutory maximum being established as suggested by the auditor. As an example, the pharmacy renewal fee would remain at \$930 with a new maximum range established using the model offered by the fee auditor.

The California Department of Public Health Center for Health Care Quality Licensing and Certification publishes its health care facilities fees on an annual basis. The establishment of fees varies based on the type of facility. Further, some fees are assessed per facility while others are assessed per bed. Examples are provided below:

- Correctional Treatment Centers - \$1,782/bed
- Primary Care Clinics - \$2,231/facility
- General Acute Care Hospital - \$828/bed
- Surgical Clinics - \$7,724/facility

Increases in compounding related facilities, including sterile compounding facilities, satellite compounding facilities and centralized hospital pharmacies are larger than for most other fees. For each of these license types an inspection is required as a precursor to licensure and renewal.

The largest fee increases are for outsourcing facilities. This is the most prominent area where the Board was not recovering the costs to perform the services. As indicated in the attachment, the fees being recommended are in line with fees assessed by the FDA. Specifically, the FDA assesses an annual establishment fee of \$18,661 for non-small business entities. The FDA also assesses a separate reinspection fee of 17,823. These fees are adjusted annually for inflation. Further, staff note that the Board performs annual inspections of outsourcing facilities; however, the FDA does not.

During the meeting it is recommended that members review the recommendation fees and provide feedback to staff. As proposed based on projections, the revised fee schedule would result in approximately \$36,152,369 annually in application and renewal fees.

e. Future Meeting Dates

Attachment 5 includes a list of future meeting dates. Please note that changes in meeting dates are highlighted in the schedule.

Attachment 1

0767 - Pharmacy Board Contingent Fund Analysis of Fund Condition
(Dollars in Thousands)
Budget Act 2022

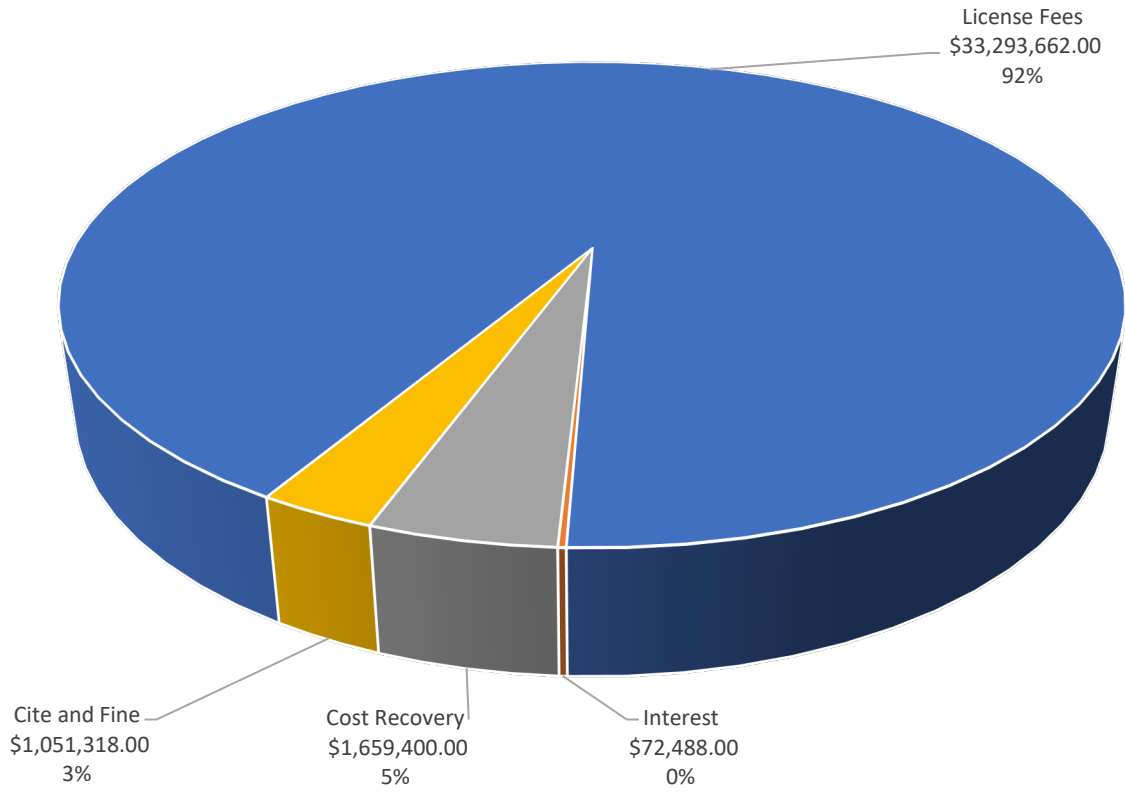
Prepared 10.17.2022

	ACTUAL 2021-22	CY 2022-23	BY 2023-24	BY +1 2024-25	BY +2 2025-26
BEGINNING BALANCE	\$ 10,176	\$ 13,849	\$ 12,203	\$ 9,616	\$ 6,006
Prior Year Adjustment	\$ 531	\$ 0	\$ 0	\$ 0	\$ 0
Adjusted Beginning Balance	\$ 10,707	\$ 13,849	\$ 12,203	\$ 9,616	\$ 6,006
REVENUES, TRANSFERS AND OTHER ADJUSTMENTS					
Revenues					
4121200 - Delinquent fees	\$ 262	\$ 240	\$ 240	\$ 240	\$ 240
4127400 - Renewal fees	\$ 28,177	\$ 27,013	\$ 27,013	\$ 27,013	\$ 27,013
4129200 - Other regulatory fees	\$ 1,254	\$ 912	\$ 912	\$ 912	\$ 912
4129400 - Other regulatory licenses and permits	\$ 4,497	\$ 4,015	\$ 4,015	\$ 4,015	\$ 4,015
4143500 - Miscellaneous Revenue from Local Agencies	\$ 3	\$ 0	\$ 0	\$ 0	\$ 0
4163000 - Income from surplus money investments	\$ 68	\$ 142	\$ 142	\$ 89	\$ 20
4170400 - Capital Asset Sales Proceeds	\$ 1	\$ 0	\$ 0	\$ 0	\$ 0
4171400 - Escheat of unclaimed checks and warrants	\$ 153	\$ 0	\$ 0	\$ 0	\$ 0
4172500 - Miscellaneous revenues	\$ 5	\$ 0	\$ 0	\$ 0	\$ 0
Totals, Revenues	\$ 34,420	\$ 32,322	\$ 32,322	\$ 32,269	\$ 32,200
Operating Transfers To General Fund 0001 per EO E 21/22-276 Revised (AB 84)	\$ -1,258	\$ 0	\$ 0	\$ 0	\$ 0
Totals, Transfers and Other Adjustments	\$ -1,258	\$ 0	\$ 0	\$ 0	\$ 0
TOTALS, REVENUES, TRANSFERS AND OTHER ADJUSTMENTS	\$ 33,162	\$ 32,322	\$ 32,322	\$ 32,269	\$ 32,200
TOTAL RESOURCES	\$ 43,869	\$ 46,171	\$ 44,525	\$ 41,885	\$ 38,206
Expenditures:					
1111 Department of Consumer Affairs Regulatory Boards, Bureaus, Divisions (State Operations)	\$ 27,483	\$ 31,375	\$ 32,316	\$ 33,286	\$ 34,284
9892 Supplemental Pension Payments (State Operations)	\$ 659	\$ 659	\$ 659	\$ 659	\$ 659
9900 Statewide General Administrative Expenditures (Pro Rata) (State Operations)	\$ 1,878	\$ 1,934	\$ 1,934	\$ 1,934	\$ 1,934
TOTALS, EXPENDITURES AND EXPENDITURE ADJUSTMENTS	\$ 30,020	\$ 33,968	\$ 34,909	\$ 35,879	\$ 36,877
FUND BALANCE					
Reserve for economic uncertainties	\$ 13,849	\$ 12,203	\$ 9,616	\$ 6,006	\$ 1,329
Months in Reserve	4.9	4.2	3.2	2.0	0.4

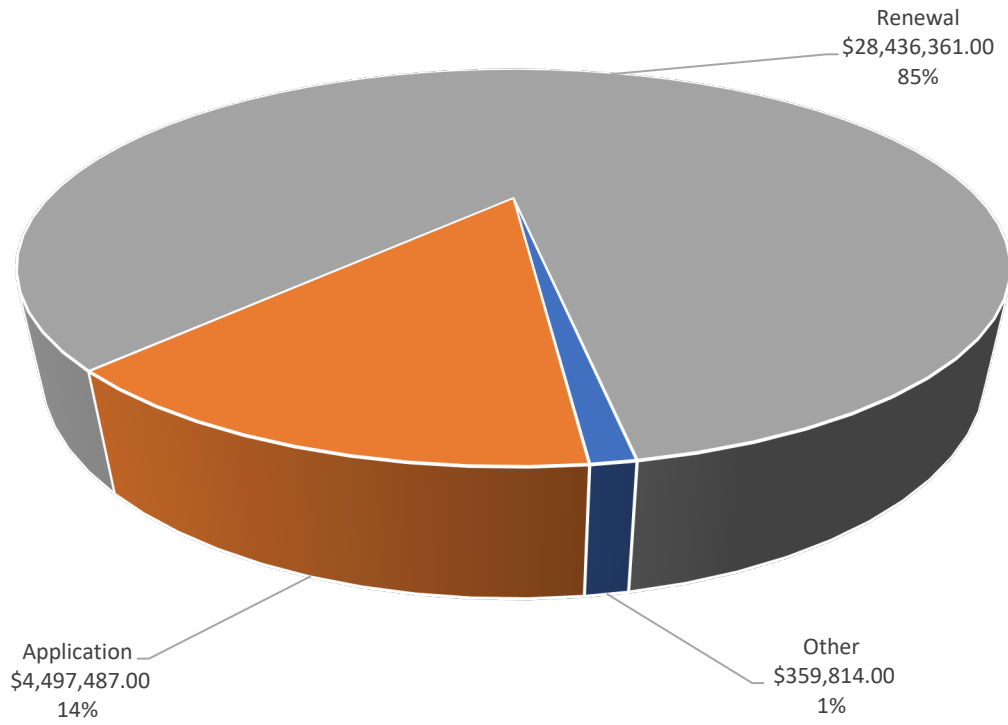
NOTES:

Assumes workload and revenue projections are realized in BY and ongoing.
 Expenditure growth projected at 3% beginning BY.
 CY and BY revenue and expenditure adjustments pending Gov. Budget release January 2023.

Origin of Revenue
FY 2021-2022
FM 13
\$36,076,868



Application vs. Renewals
FY 2021-2022
FM 13
\$33,293,662

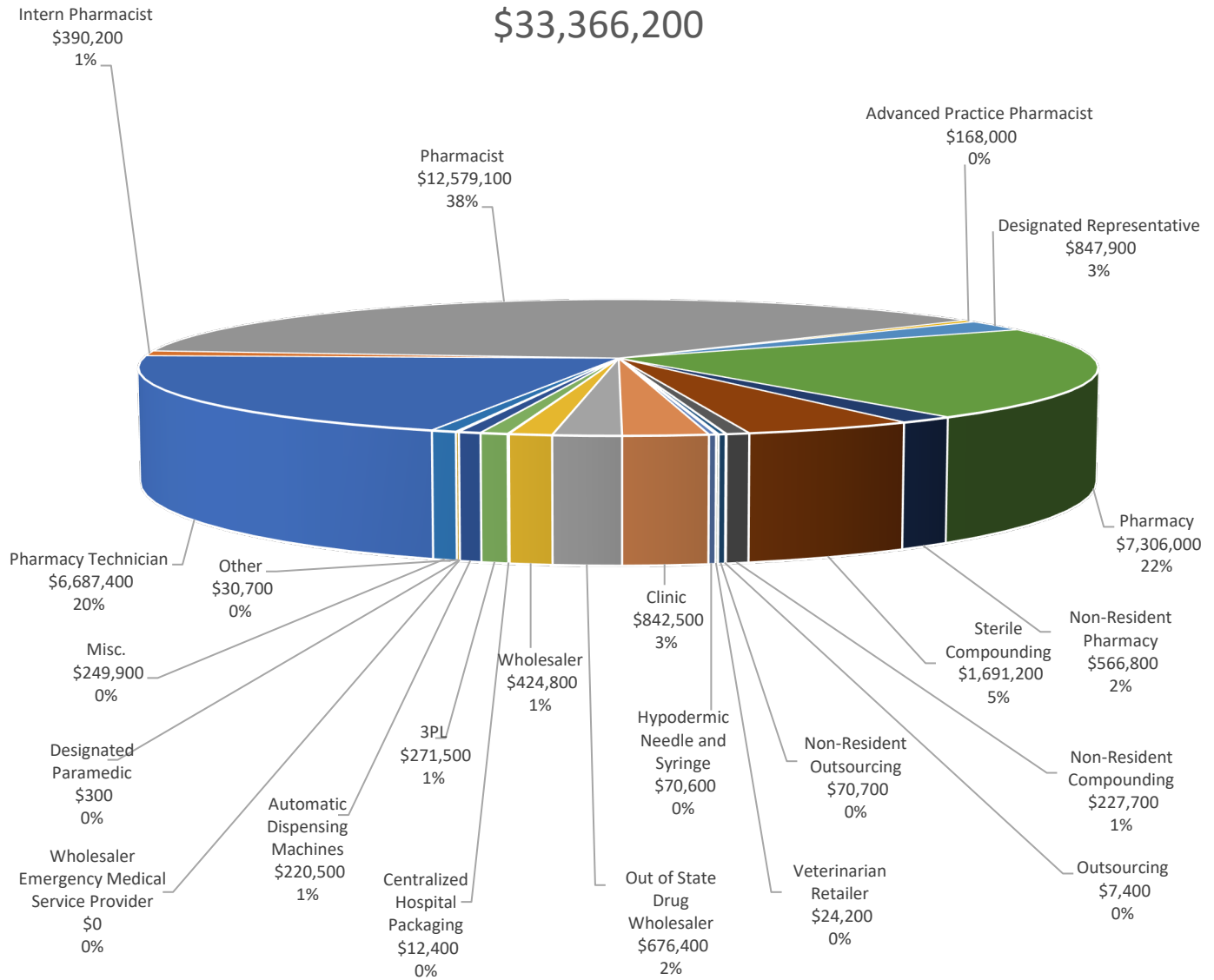


Revenue by Program

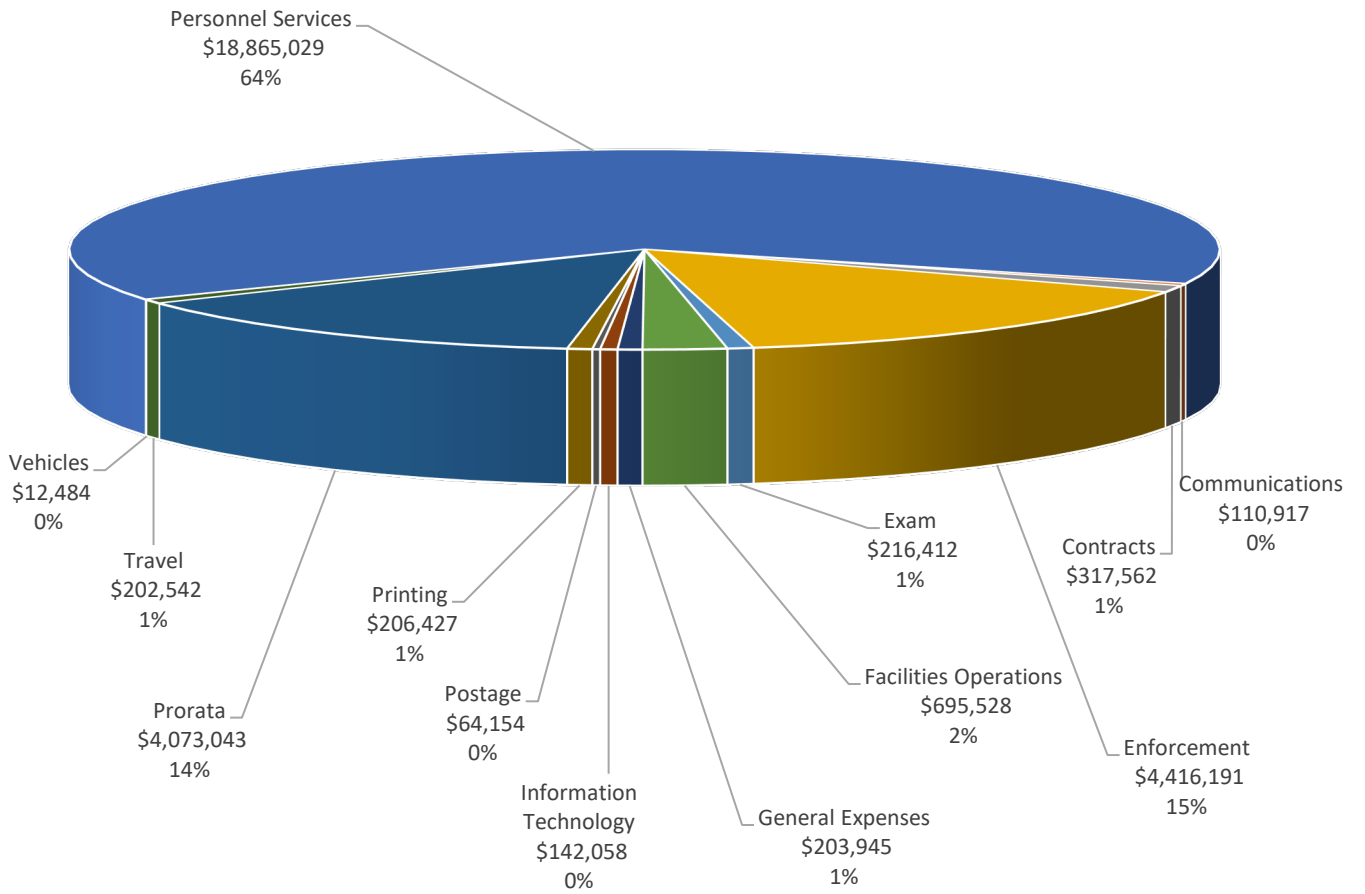
FY 2021-2022

FM 13

\$33,366,200



**Expenditures
FY 2021-2022
FM 13
\$29,526,292**

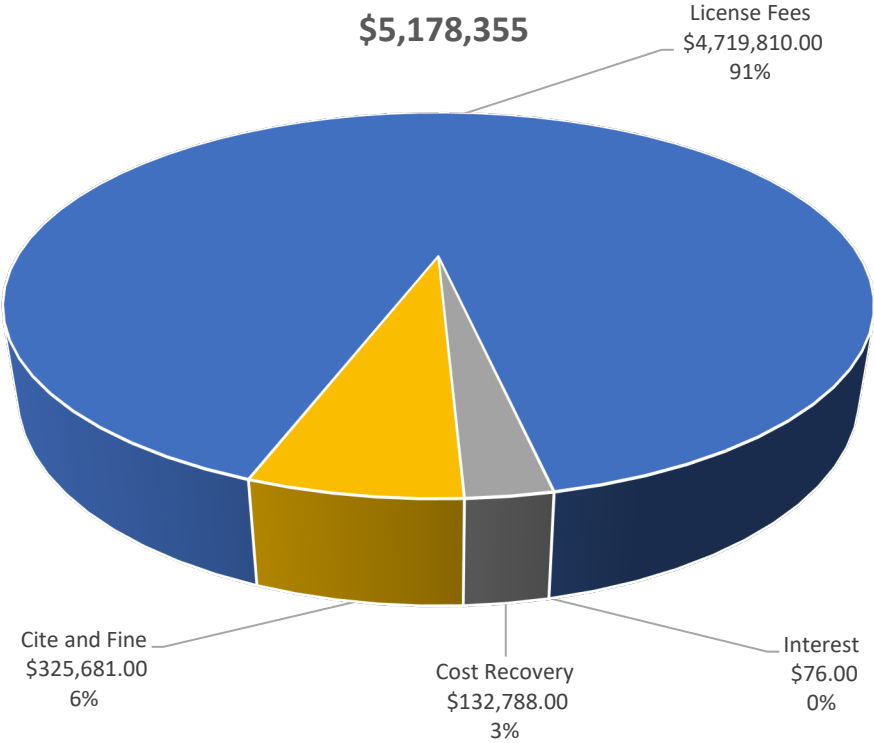


Origin of Revenue

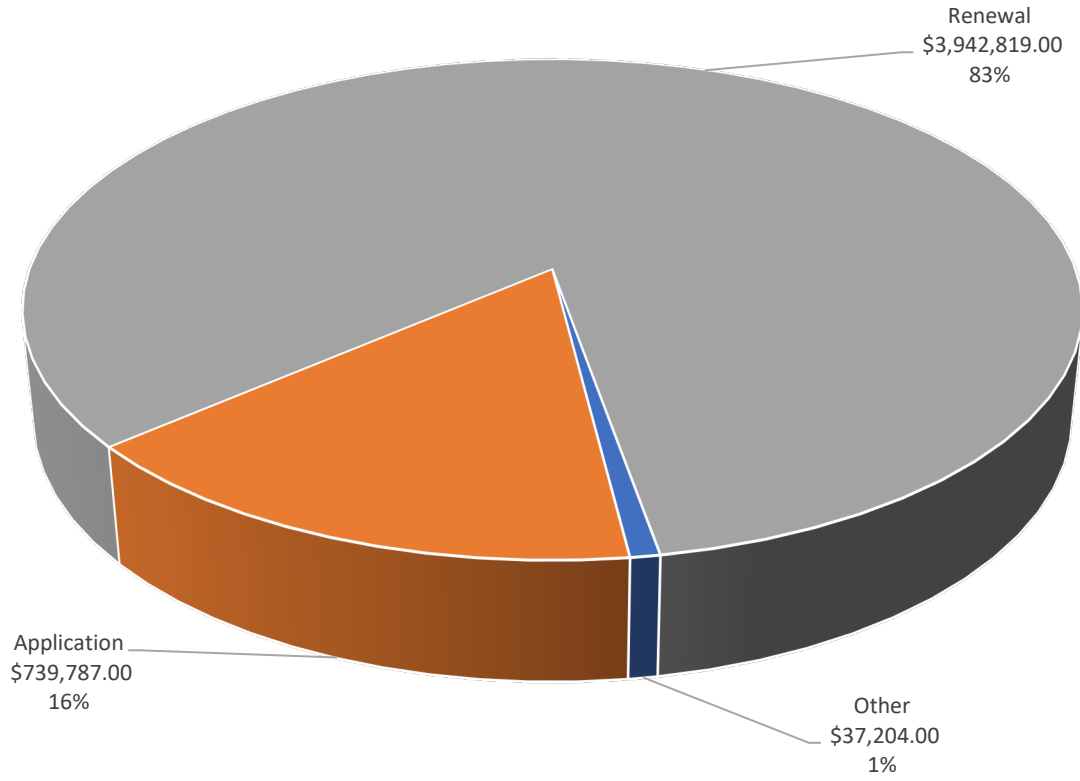
FY 2022-2023

FM 2

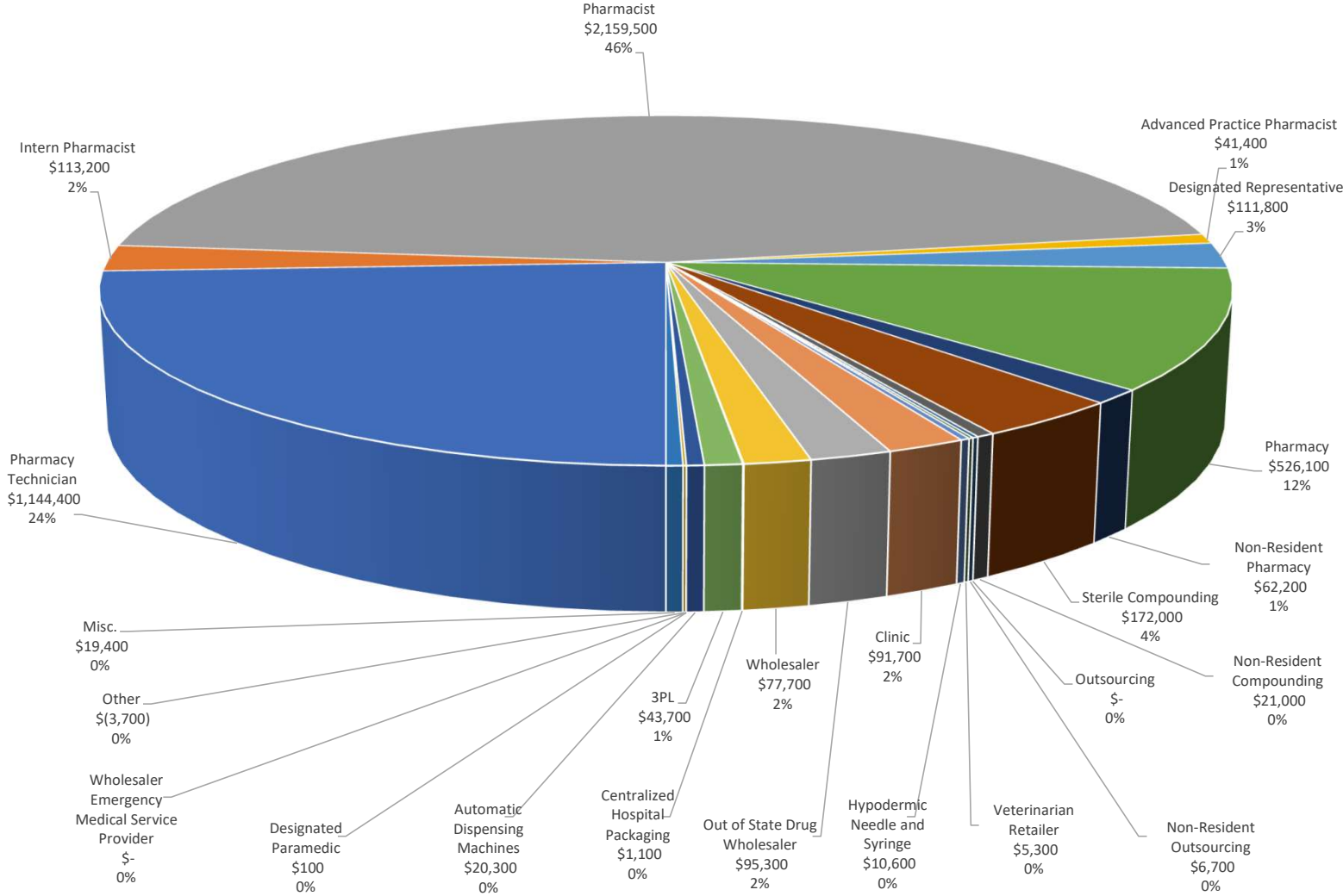
\$5,178,355



Applications vs. Renewals
FY 2022-2023
FM 02
\$4,719,810



Revenue by Program
FY 2022-20232
FM 2
\$4,719,800

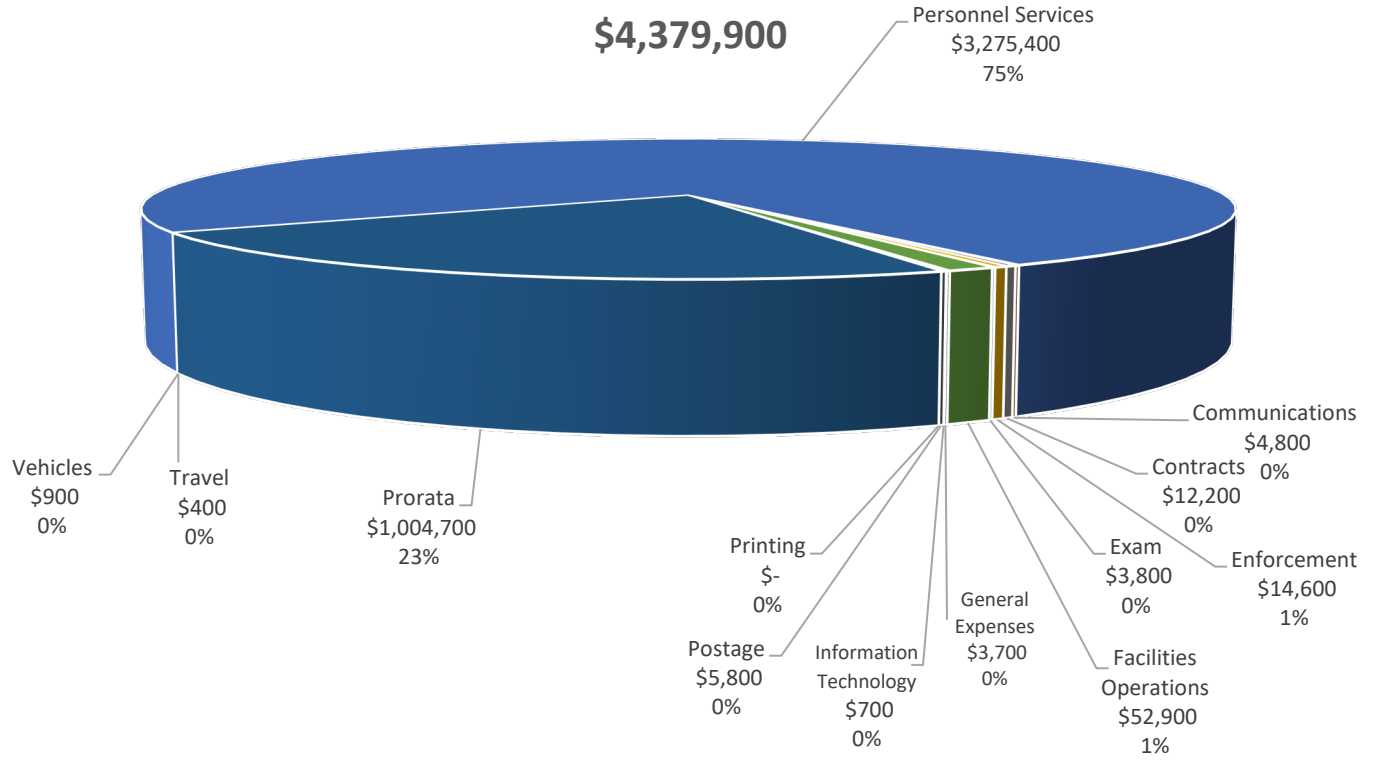


Expenditures

FY 22-23

FM 2

\$4,379,900



Attachment 2

**Board Member Attendance
Board Meetings – FY 2022/23**

Board Member	7/27/22	7/28/22	8/25/22	9/14/22	9/21/22
Barker ¹			X	X	X
Cameron-Banks	X	X		X	
Chandler ²					
Crowley	X	X	X	X	X
De La Paz	X	X	X	X	X
Jha ²					
Koenig	X	X		X	X
Oh	X	X	X	X	X
Patel	X		X		
Sanchez	X	X	X	X	
Serpa	X	X	X	X	
Thibeau	X	X	X	X	X
Weisz	X	X	X		

¹ – denotes appointment to Board 6/24/22.

² – denotes appointment to the Board 9/9/22.

Board Member Attendance
Committee Meetings – FY 2022/23

Communication and Public Education Committee Meetings – FY 2022/23

Board Member	7/19/22
De La Paz	X
Koenig	
Sanchez	X
Thibeau	X
Weisz	X

Licensing Committee Meetings – FY 2022/23

Board Member	7/18/22	10/18/22
Cameron-Banks	X	
Crowley	X	X
Oh	X	X
Patel	X	X
Weisz		

Enforcement Committee Meetings – FY 2022/23

Board Member	7/19/22	8/25/22	10/4/22
Barker ¹	X	X	X
Cameron-Banks	X	X	X
Oh	X	X	X
Patel	X	X	X
Sanchez			X
Serpa	X	X	X

Legislation and Regulation Committee Meetings – FY 2022/23

Board Member	7/18/22
Crowley	X
De La Paz	X
Oh	X
Serpa	X
Thibeau	X

Medication Error Reduction and Workforce Committee Meetings – FY 2022/23

Board Member	9/14/22
Crowley	X
Koenig	X
Oh	X
Patel	X
Thibeau	X

Standard of Care Ad Hoc Committee Meetings – FY 2022/23

Board Member	8/25/22
Barker ¹	X
Cameron-Banks	X
Crowley	X
Oh	X
Serpa	X
Thibeau	X

¹ – denotes appointment to Board 6/24/22.

Attachment 3

Board of Pharmacy**Mail Vote Participation - FY 2022/23**

Board Member	July - Sept (62)	Oct - Dec	Jan - March	Apr - Jun	Total
Barker	1	0	0	0	1
Cameron-Banks	0	0	0	0	0
Chandler*	n/a	0	0	0	0
Crowely	62	0	0	0	62
De La Paz	22	0	0	0	22
Jha*	n/a	0	0	0	0
Koenig	43	0	0	0	43
Oh	62	0	0	0	62
Patel	62	0	0	0	62
Sanchez	53	0	0	0	53
Serpa	62	0	0	0	62
Thibeau	58	0	0	0	58
Weisz	45	0	0	0	45

*Chandler/Jha: Appointed 9/10/2022

Attachment 4

License Type	Current Range	Current Fee	Recommendation	Comments
Pharmacy Application	\$ 520 - 570	\$ 570.00	\$750 - 2,000	Note: Reducing. Hopeful with education and encouraging transparency cost can be reduced.
Temp Pharmacy Application	\$ 250 - 325	\$ 325.00	\$1,600 - 2,740	Note: Some applicants are abusing temp process and stalling on providing information for permanent licensure which is driving up the cost for pharmacy applications in
Pharmacy Renewal	\$ 665 - 930	\$ 930.00	\$ 930 - 1,312	Note: Recommending that all pharmacy (HSP, DRM, LCFs) have the same renewal fee.
Pharmacist Exam Application	\$ 260 - 285	\$ 285.00	\$ 285 - 402	
Pharmacist Exam Retake	\$ 260 - 285	\$ 285.00	\$ 285 - 500	The Board does not charge for a retake of the NAPLEX.
Regrade	\$ 90 - 115	\$ 115.00	\$ 115 - 200	
Pharmacist License	\$ 195 - 215	\$ 215.00	\$ 215 - 300	
Pharmacist Renewal	\$ 360 - 505	\$ 505.00	\$ 505 - 705	Biennial renewal
WLS/3PL Application& Renewal	\$ 780 - 820	\$ 820.00	\$ 820 - 875	
WLS/3PL Application 20+	\$ 300 - 225	\$ 300.00	\$ 810 - 1,143	
WLS/3PL Temp Fee	\$ 715 - 550	\$ 715.00	\$ 715 - 1009	
Hypodermic Application	\$ 170 - 240	\$ 240.00	\$ 550 - 775	
Hypodermic Renewal	\$ 200 - 280	\$ 280.00	\$ 400 - 561	
Designated Rep Application	\$ 150 - 210	\$ 210.00	\$ 345 - 485	Note: Designated Rep 3PL audit recommendation is higher. Recommend keeping same as other DRs.
Designated Rep Renewal	\$ 215 - 300	\$ 300.00	\$ 388 - 547	
Designated Rep Vet Application	\$ 150 - 210	\$ 210.00	\$ 345 - 485	
Designated Rep Vet Renewal	\$215 - 300	\$ 300.00	\$ 388 - 547	
Nonresident WLS/3PL	\$ 780 - 820	\$ 820.00	\$ 820 - 971	
Nonresident WLS/3PL 20+	\$ 300 - 225	\$ 300.00	\$ 810 - 1,143	
Nonresident WLS/3PL Temp	\$ 715 - 550	\$ 715.00	\$ 715 - 800	Note: Nonresident 3PL audit recommendation is \$469 -
Nonresident WLS/3PL Renewal	\$ 780 - 820	\$ 820.00	\$ 820 - 900	
Evaluate of CE Course cost/hour	\$40	\$ 40.00	\$40	Note: Not included in audit as workload is variable
Intern Application	\$ 165 - 230	\$ 230.00	\$ 175 - 245	Note: Recommending reduction consistent with audit finding. Also auditor finding for extension was higher. Recommend lower fee for extension.
Transfer Intern Hours	\$ 25 - 30	\$ 30.00	\$ 120 - 168	Note: Many states no longer require intern hours.
Change of Permit/Name Change	\$ 35 - 45	\$ 45.00	\$ 206 - 282	
Change of Information	\$ 100 - 130	\$ 130.00	\$ 395 - 557	Note: Change of permits are very labor intensive depending on the scope of the change.
Clinic Application	\$ 520 - 570	\$ 570.00	\$ 620 - 873	Note: Recommendation from auditor for government owned is more. Recommend government owned pay same
Clinic Renewal	\$ 325 - 365	\$ 365.00	\$ 400 - 561	
Pharmacy Technician Application	\$ 140 - 195	\$ 195.00	\$ 117 - 165	

Pharmacy Technician Renewal	\$ 140 - 195	\$ 195.00	\$ 195 - 275	Biennial renewal
Veterinary FADR Application	\$ 435 - 610	\$ 610.00	\$ 610 - 825	
Veterinary FADR Renewal	\$ 330 - 460	\$ 460.00	\$ 460 - 561	
Veterinary FADR Temp	\$ 250.00	\$ 250.00	\$ 520 - 732	
Retired Pharmacist	\$ 35 - 45	\$ 45.00	\$ 50 - 175	
				Note: Accreditation by NABP is cost of application fee plus \$4,500 for sterile compounding pharmacy. Additional costs are also assessed if an extended inspection is required.
Sterile Compounding/Hospital Satellite App	\$ 1,645 - 2,305	\$ 2,305.00	\$ 3,875 - 5,466	
Sterile Compounding/Hospital Satellite Re	\$ 1,325 - 1,855	\$ 1,855.00	\$ 4,085 - 5,762	
Sterile Compounding/Hospital Satellite Te	\$ 550 - 715	\$ 715.00	\$ 1,065 - 1,503	
Nonresident Sterile Compounding App	\$ 2,380 - 3,335	\$ 3,335.00	\$ 8,500 - 16,502	
Nonresident Sterile Compounding Renewa	\$ 2,270 - 3,180	\$ 3,180.00	\$ 8,500 - 17,040	
Nonresident Sterile Compounding Temp	\$ 715.00	\$ 715.00	\$ 1,500 - 2,000	
Nonresident Sterile Travel Costs	Varies			
				Note: FDA currently assess an annual establishment fee of \$18,661 with an inspection fee of \$17,823 when conducted. This inspection fee is in additional to the establishment fee. FDA established reduced establishment fee for small business. Fee for small business annual
Outsourcing Application	\$ 2,270 - 3,180	\$ 3,180.00	\$ 25,000 - 35,256	
Outsourcing Renewal	\$ 1,325 - 1,855	\$ 1,885.00	\$ 25,000 - 41,366	
Outsourcing Temp	\$ 715.00	\$ 715.00	\$ 4,000 - 5,642	
Nonresident Outsourcing Application	\$ 2,380 - \$3,335	\$ 3,335.00	\$ 28,500 - 42,318	
Nonresident Outsourcing Renewal	\$ 2,270 - \$3,180	\$ 3,180.00	\$ 28,500 - 46,353	
Nonresident Outsourcing Temp	\$ 715.00	\$ 715.00	\$ 4,000 - 5,642	
Nonresident Outsourcing Travel	varies			
Centralized Hospital Packaging Application	\$ 820 - 1,150	\$ 1,150.00	\$ 3,815 - 5,318	
Centralized Hospital Packaging Renewal	\$ 805 - 1,125	\$ 1,125.00	\$ 2,912 - 4,107	
Correctional Clinic Application	\$ 520 - 570	\$ 570.00	\$ 620 - 873	
Correctional Clinic Renewal	\$ 325 - 360	\$ 360.00	\$ 400 - 561	
Correctional Clinic ADDS	\$ 200.00	\$ 200.00	\$ 500 - 705	
Automated Drug Delivery System Applicat	\$ 200 - 250	\$ 200.00	\$ 525 - 741	
Automated Drug Delivery System Renewa	\$ 200 - 250	\$ 200.00	\$ 453 - 639	
Remote Dispensing Site Pharmacy Applica	\$ 520 - 570	\$ 570.00	\$ 1,730 - 2,440	
Remote Dispensing Site Pharmacy temp	\$ 325.00	\$ 325.00	\$ 890 - 1,199	
				Note: Fee needs to be removed. Authority to co-locate was rescinded
Clinic Co-location Agreement	\$ 750.00	\$ 507.00		
Wholesaler ESMP	\$ 780.00	\$ 780.00	\$ 810 - 1,143	
EMSADDS Application	\$ 100.00	\$ 100.00	\$ 150 - 380	
EMSADDS Renewal	\$ 100.00	\$ 100.00	\$ 200 - 273	

Designated Paramedic Application	\$ 140.00	\$ 140.00	\$ 350 - 494	
Designated Paramedic Renewal	\$ 140.00	\$ 140.00	\$ 200 - 292	
Nonresident Pharmacy App	\$ 520 - 570	\$ 570.00	\$ 2,427 - 3,424	
Nonresident Pharmacy Temp	\$ 250 - 325		\$2000 - 2,469	
Nonresident Renewal	\$ 665 - 930	\$ 930.00	\$ 930 - 1,312	
Change of PIC/DRIC/RM	\$100 - 130	\$ 130.00	\$ 135 - 190	
Advanced Practice Pharmacist Application	\$ 300.00	\$ 300.00	\$ 300 - 418	
Advanced Practice Pharmacist Renewal	\$ 300.00	\$ 300.00	\$ 300 - 418	Biennial renewal
Duplicate Cert	\$ 35 - 45	\$ 45.00	\$ 75 - \$100	
			\$ 36,152,369.00	

Attachment 5

Board and Committee Meeting Schedule 2022

October 4, 2022 – Enforcement and Compounding Committee

October 18, 2022 – Licensing Committee Meeting

October 25, 2022 – Standard of Care Ad Hoc Committee

October 25-26, 2022 – Board Meeting

November 16, 2022 - Medication Error Reduction and Workforce Ad Hoc Committee

December 14, 2022 – Petitioner Board Meeting

Board and Committee Meeting Schedule 2023 – Revised October 16, 2022

January 23, 2023 – Enforcement and Compounding Committee

January 24, 2023 – Licensing Committee

January 24, 2023 – Medication Error Reduction and Workforce

February 1, 2023 – Standard of Care

February 6, 2023 – Communication and Public Education Committee

February 6 - 7, 2023 – Board Meeting

March 8, 2023 – Medication Error Reduction and Workforce

March 15, 2023 – Petitioner Board Meeting

April 12, 2023 – Licensing Committee

April 13, 2023 – Enforcement and Compounding Committee

April 26, 2023 – Legislation and Regulation Committee

April 26 - 27, 2023 – Board Meeting

May 3, 2023 – Standard of Care

~~May 10, 2023 – Standard of Care – Meeting scheduled to May 3, 2023~~

May 17, 2023 – Petitioner Board Meeting

~~June 6, 2023 – Meeting rescheduled to June 21, 2023~~

June 7, 2023 – Medication Error Reduction

June 21, 2023 – Petitioner Board Meeting

(Government Code 11133 effective until 06.30.2023)

July 18, 2023 – Enforcement and Compounding Committee

July 18, 2023 – Legislation and Regulation Committee Meeting

July 19, 2023 – Licensing Committee

July 19, 2023 – Communication and Public Education Committee

August 1 - 2, 2023 – Board Meeting

September 12, 2023 – Petitioner Board

October 11, 2023 – Licensing Committee

October 12, 2023 – Enforcement and Compounding Committee

October 25 - 26, 2023 – Board Meeting

December 13, 2023 – Petitioner Board Meeting