

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: June 23, 2010
POSITION: Oppose
SPONSOR: California Hospital Association, California Society of Health-System Pharmacists

BILL NUMBER: AB 2077
AUTHOR: J. Solorio

BILL SUMMARY: Pharmacy

This bill would: (1) revise the definition of a hospital pharmacy to include a pharmacy, that is located outside of the hospital, but regulated under a hospital's license, (2) require a readable barcode be placed on any unit-dose medication produced by a hospital pharmacy, (3) allow a hospital pharmacy to prepare and store a limited quantity of unit-dose medications in advance of receipt of a patient-specific prescription, and (4) require a pharmacy compounding or repackaging a drug for delivery to another pharmacy or hospital to notify the Board of Pharmacy (Board) in writing within 30 days of initiating this service under specified circumstances.

FISCAL SUMMARY

The Board indicates minor and absorbable costs related to additional inspector time required by the provisions of this bill.

The California Department of Public Health (CDPH) indicates it would incur unabsorbable costs of approximately \$455,400 in 2010-11 and \$837,200 annually thereafter to ensure compliance with both state and federal requirements. This bill would require 4.6 additional survey staff to provide approximately 8,355 additional survey hours per year for the increased number of surveys to be administered as a result of this bill.

To the extent that the current year costs cannot be absorbed within CDPH's existing resources, an appropriation would be necessary to fund these costs. Absent an appropriation, CDPH may have to delay implementation of the bill until July 1, 2011.

Any local government costs resulting from the mandate in this measure would not be state-reimbursable, because the mandate only involves the definition of a crime or the penalty for conviction of a crime.

COMMENTS

The Department of Finance is opposed to this bill because it could result in significant, unabsorbable costs to CDPH that were not included in the Governor's latest fiscal plan.

Existing law:

- Provides for the practice of pharmacy and the licensing and regulation of pharmacies and pharmacists by the Board within the Department of Consumer Affairs.
Defines "hospital pharmacy" as a pharmacy licensed by the Board, located within any licensed hospital, institution or establishment that maintains and operates organized facilities for the diagnosis, care, and treatment of human illnesses to which persons may be admitted for overnight stay.

(Continued)

Analyst/Principal Date Assistant Program Budget Manager Date
(0281) J. Carosone Nona Martinez

Department Deputy Director Date

Governor's Office: By: Date: Position Approved
Position Disapproved

BILL ANALYSIS Form DF-43 (Rev 03/95 Buff)

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**COMMENTS (Cont'd)**

- Requires a hospital pharmacy to be located within a physical hospital unless the hospital has a CDPH consolidated license and is only providing pharmacy services to inpatients of the hospital.
- Requires CDPH to conduct an initial licensing survey every time a hospital adds or changes any services (including pharmacy services).
- Requires CDPH to conduct a Medication Error Reduction Plan (MERP) survey and a Re-licensing (Non-MERP) survey once every three years.

This bill would: (1) clarify a "hospital pharmacy" to include a pharmacy, licensed by the California State Board of Pharmacy (Board) that may be located on the same or separate premises but regulated under a hospital's license, (2) require a barcode be placed on any unit-dose medication produced by a hospital pharmacy that is readable at the patient's bedside, (3) allows a hospital pharmacy to prepare and store a limited quantity of unit-dose medications in advance of receipt of a patient-specific prescription under specified conditions, and (4) require a pharmacy compounding or repackaging a drug for delivery to another pharmacy or hospital under common ownership to notify the board in writing within 30 days of initiating this service and under specified circumstances.

CDHP estimates that 42 percent of all hospitals that share common ownership with one or more other licensed hospital would be either directly or indirectly impacted by the provisions of this bill.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							Fund Code
	LA	(Dollars in Thousands)							
	CO	PROP							
	RV	98	FC	2010-2011	FC	2011-2012	FC	2012-2013	
1110/ConAfr-ReqBd	SO	No		-----	No/Minor	Fiscal Impact	-----		0767
4265/PublicHealth	SO	No	C	\$455	C	\$837	C	\$837	3098
8885/Comm St Mndt	SO	No		-----	No/Minor	Fiscal Impact	-----		0001
<u>Fund Code</u>	<u>Title</u>								
0001	General Fund								
0767	Pharmacy Board Contingent Fund								
3098	Licensing and Certification Prog Fd, PH								