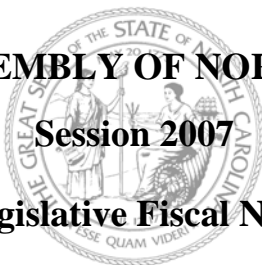


GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2007

Legislative Fiscal Note

BILL NUMBER: Senate Bill 946 (First Edition)

SHORT TITLE: Pseudoephedrine Sales/Electronic Records

SPONSOR(S): Senator Tillman

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2007-08</u>	<u>FY 2008-09</u>	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>FY 2011-12</u>
REVENUES					
EXPENDITURES	\$450,000	\$153,150	\$153,150	\$153,300	\$153,450
POSITIONS (cumulative): None					
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, Commission for Mental Health, Developmental Disabilities, and Substance Abuse Services					
EFFECTIVE DATE: October 1, 2007					

BILL SUMMARY:

Requires the Commission for Mental Health, Developmental Disabilities, and Substance Abuse Services to establish and maintain an electronic purchase log of pseudoephedrine sales and to require retailers of pseudoephedrine products to report consumer sales of those products to the Commission.

Amends GS 90-113.52 to require that every purchaser sign a form about the validity of the following information that is to be maintained by electronic record:

- (1) date of the transaction;
- (2) name, date of birth, and address of the purchaser;
- (3) type of identification provided; and
- (4) amount and name of the compound purchased (current law requires that the purchaser's name and address and the number of grams of the product purchased and the purchase date to be entered into a record of disposition).

Enacts new GS 90-113.54 directing the Commission for Mental Health, Developmental Disabilities, and Substance Abuse Services to establish an electronic purchase log in order to check compliance with the regulation of the sale and use of pseudoephedrine products, to be kept for two years and be subject to random and warrantless inspection. Effective October 1, 2007.

ASSUMPTIONS AND METHODOLOGY:

Estimates:

On July 1, 2007, DHHS will begin collecting dispensing information for all Schedule II through V controlled substances as per GS90-113.70 through the Controlled Substance Reporting System (CSRS).

For the purpose of this fiscal note, it is assumed that by treating the sale of those pseudoephedrine products as a controlled substance, the sale of these products could be electronically captured in the existing CSRS, instead of developing a separate tracking system. The estimate submitted by the CSRS vendor (Health Information Designs, HID) includes initial implementation costs, plus annual maintenance fees similar to those estimated by the Oklahoma Bureau of Narcotics, which currently has capacity to capture this data.

According to the CSRS vendor, in order to capture pseudoephedrine sales, pharmacy staff would be required to enter sale information in to the pharmacy's controlled substance prescription data system. If using the existing CSRS, legislative and programmatic changes would have to be made to comply with SB 946. CSRS does not include the following:

- Real time reporting;
- Recording type of identification, identification number, and issuing state or agency;
- Ability to electronically interface with other states;
- Monitoring compliance with the federal Combat Methamphetamine Epidemic Act; and
- Access by local and federal law enforcement.

Process:

The vendor states that pharmacy personnel would have to enter the following information for the purchaser:

- Purchaser's name;
- Address;
- Date of birth;
- Identification number and issuing authority from photo ID; and
- Verification that the photo ID has been checked against the actual purchaser.

Pharmacy personnel would then scan the pseudoephedrine container with a 2D bar code reader. The information would then be submitted to the database identified on the website. The database would accept this information, and run it against any purchases in the last 30 days from the date of the submission for that purchaser, by identification number, to determine if the purchaser met the limits as set by State and federal laws.

Cost

The vendor estimates that the cost for development and initial implementation is \$300,000, with a \$150,000 per year maintenance fee. For the purpose of this fiscal note, the maintenance fees have been adjusted for inflation.

	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12
Start up	\$ 300,000				
Maintenance	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
Inflation		2.10%	2.10%	2.20%	2.30%
Total	\$ 450,000	\$ 153,150	\$ 153,150	\$ 153,300	\$ 153,450

Other Sources:

Additionally, several other cost estimates were received on the electronic capture of pseudoephedrine sales, including an estimate from the Oklahoma Bureau of Narcotics and from the Tennessee Methamphetamine Task Force. According to the National Alliance for Model State Drug Laws, Oklahoma and Tennessee are the two states with current capability to capture this information.

The cost associated with Oklahoma's system is \$100,000 annually. Tennessee could not provide an amount. Both states developed the systems themselves. Attempts to gather more specific information about initial startup costs from Oklahoma have been unanswered. Therefore the estimates from the CSRS vendor are assumed to be the most complete.

SOURCES OF DATA: Health Information Designs (current CSRS vendor); Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services; Oklahoma Bureau of Narcotics; Tennessee Methamphetamine Task Force

TECHNICAL CONSIDERATIONS:

Impact on Pharmacies

This bill could impact pharmacies. The vendor (HID) states that each pharmacy must provide a computer with a USB port for 2D barcode reader and a device to capture electronic signatures. Pharmacies must also have constant internet access. For the purposes of this fiscal note, it is assumed that the State would not pay for the purchase of this additional equipment because the pharmacies are local retailers, and not part of local or state government.

FISCAL RESEARCH DIVISION: (919) 733-4910

PREPARED BY: Melanie Bush

APPROVED BY: Lynn Muchmore, Director
Fiscal Research Division

DATE: May 2, 2007



Signed Copy Located in the NCGA Principal Clerk's Offices