

STATE OF MINNESOTA
COUNTY OF HENNEPIN

BEFORE THE MINNESOTA
BOARD OF PHARMACY

In the matter of a proposed rule amendment relating to fees for examination, new pharmacy licensure, pharmacy license renewal, and late pharmacy renewal.

STATEMENT OF NEED AND
REASONABLENESS

The Minnesota Board of Pharmacy (Board), pursuant to Minn. Stat. section 14.22 and 14.23 and Minn. rules part 1400.0500, hereby affirmatively presents the needs for and facts establishing the reasonableness of the above captioned proposed amendment to portions of the Board's rules. The statutory authority for these proposed rule changes is contained in Minn. Stat. section 151.06 subdivision 1 (9), which authorizes the Board to make and publish uniform rules and regulations to enforce the provisions of the statute. The rules captioned above are being adopted according to the procedures set forth in Minn. Stat. section 16A.128. A copy of the approval of the Commissioner of Finance is incorporated herein. Minnesota rules part 6800.1250 is the Board's current rule addressing examination fees. Minnesota rules part 6800.0400 is the Board's current rule on pharmacy licensure fees.

The Board is proposing to amend these rules to establish fees that will ensure that the Board generates sufficient revenue to cover increased costs of administering the "national" examination and to cover additional costs involved in fiscal year 1986 due to involuntary relocation to other

quarters. It has been determined that Minn. Stat. section 14.11 does not apply to this proposed rule therefore the Statement of Need and Reasonableness does not address the topic referenced in that statute. The intent of the proposed changes in Board rules is to allow the Board to meet its statutorily requirement of adjusting its fees to meet the expenditures over each biennium.

The last time that pharmacy license fees were increased was in November of 1984. At that time the fee was increased to its present state of \$90.00. Since the Board's total number of licensees in all categories has remained relatively constant the rising costs of operation of the Board together with the unexpected additional cost of moving to new quarters has necessitated this fee increase.

The Board, in furtherance of its responsibilities under Minnesota Statutes Chapter 214.03, utilizes a national standardized test as the objective, non-practical portion of its licensure examination given to prospective licensees. The National Association of Boards of Pharmacy produces the test called "NABPLEX", which is utilized by the Board. The Board also utilizes a Federal Drug Law Examination that is distributed on a nationwide basis as the examination for knowledge of federal drug laws. Approximately a year ago the costs of both of these examinations was raised. At the Board's examination that was administered in January of this year the Board found itself in the unenviable position of actually loosing money on every candidate that was examined. The Board finds that it must raise the examination fees to the candidates for licensure in order to break even on the examination costs.

General Board expenses for the operation of the Board is paid for through appropriations from the legislature. During each biennium then the Board is required to establish its fees in such a manner that the revenues received from licensing fees will, as closely as possible, approximate the appropriation granted the Board by the legislature. In fiscal year 1986 the Board was required to move to a new location. The Minnesota Department of Health, from which the Board rented office space for the past twelve years, forced the health related licensing boards, including the Board of Pharmacy, to relocate to another building due to the Health Department needing the space that was occupied by the Boards. This forced relocation provided the Board with an opportunity to obtain some much needed additional space but at the same time increased the square foot cost of rental and involved additional costs to the Board, such as the cost of the move itself, the cost of installing a new telephone system, the cost of acquiring additional furniture (some of the Boards previous furniture was on loan from the Department of Health) and all in all involved substantial additional costs for fiscal year 86 and will continue to involve additional rental costs into the future.

The Board did not anticipate that a fee increase would be necessary to meet the Board's operating expenses for fiscal year 1986. The increased costs to the Board associated with the move, however, made a fee increase at this time mandatory.

Table one below indicates the amount of additional revenue anticipated from the fee increases.

TABLE ONE

Fee Title	Present Fee	Proposed Fee	Number Paying Fee	Add'l. Revenue Generated
Pharmacy License (New)	\$ 90.00	\$100.00	50	\$ 500.
Pharmacy Renewal	\$ 90.00	\$100.00	1,056	\$ 10,560.
Exam Fee (Complete)	\$ 90.00	\$125.00	115	\$ 4,025.
Exam Fee (Partial)	\$ 45.00	\$ 62.50	15	\$ 245.

It should be noted that the Board is proposing no increase in the total dollars generated due to late renewal of license, partly because the number of licensees paying late is so small that even the substantial percentage increase in the late fee would raise very little revenue, and partly because the fee is intended as a deterrent rather to late payment rather than as a revenue producer.

Whatever an agency proposes a new rule or seeks to amend an existing rule, Minn. Stat. section 14.115 requires the agency to consider whether the rule change will have an impact on small businesses. If the agency determines that they will, the agency must consider whether certain methods, set forth in subdivision two of the statute, could be adopted to reduce the impact of the rule changes on small businesses. The statute requires the agency to document in its Statement of Need and Reasonableness how it considered these methods and the feasibility of adopting any of the specific methods.

In addition to the licensure of pharmacists, the Board licenses pharmacies, drug manufacturer, and drug wholesalers. The Board has reviewed the impact, if any, its proposed rule changes would have on such businesses. Since virtually all of the Board's licensees qualify under the

statutes as "small business" everything the Board does impacts on "small business".

Minn. Stat. section 14.115 subdivision 2 enumerates the following five methods an agency must consider to reduce the impact of the rules on small businesses:

(a) The establishment of less stringent compliance or reporting requirements for small businesses;

(b) The establishment of less stringent schedules or deadlines for compliance or reporting requirements for small businesses;

(c) The consolidation or simplification of compliance or reporting requirements for small business;

(d) The establishment of performance standards for small businesses to replace design or operational standards required in the rule, and;

(e) Exemption of small businesses from any or all requirements.

Parts a, c, and d of subdivision two are not applicable to the Board's fee setting rule since they relate to reporting requirements or performance standards. The Board is unable to establish a less stringent schedule or deadline for compliance with the fee increase for its licensees in that the additional monies that will be generated by the fee increase must be generated prior to June 30, 1986. The Board's pharmacy license renewals are due to be paid during the month of June. Likewise, the Board cannot exempt small business from applicability of the rule in that virtually all of the Board's licensees are small business and to exempt them would negate the rule change altogether and would result in the Board not being able to comply with its statutory requirements.


Attached is a copy of the approval of the fee increase from the
Department of Finance.

Office Memorandum

DEPARTMENT MINNESOTA BOARD OF PHARMACY

TO : Allen Yozamp
 Director Budget Operations & Support
 Department of Finance

DATE: 3/21/86

FROM : David E. Holmstrom 
 Executive Director

PHONE: 642-0541

SUBJECT: Approval of Fee Increase

A request is hereby made for approval of fee increases as follows:

	Present	Proposed
Application for Examination	\$90.00	\$125.00
Pharmacy License (New)	\$90.00	\$100.00
Pharmacy Renewal	\$90.00	\$100.00

The fee increases are needed to cover a FY 1986 shortfall in receipts which resulted from increased costs of the "national" examination used by the board; from costs of relocating to new office space, necessitated by the Health Department requiring the office space that was previously occupied by the health related licensing boards; and the costs of Revisor's services mandated by Laws of MN 1985, Chapter 15P13.

It is anticipated that the fee increases will generate approximately \$15,000 in additional revenue annually and will cover the following costs:

Exam Cost increase per exam	\$ 40. x 125 annually = 5000
Rent increase	\$ 6,720.
Moving Costs (shared with other boards)	\$ 300.
Phone service/hookup	\$ 3,271.
Furniture	\$ 8,418.
Revisor fees	\$ 730.
Total	\$24,439.

The Boards total fee structure will now be as follows:

Source Code	Fee Title	Present Fee	#	Generated	New Fee	#	Additional \$ Generated
000001	Pharmacist Renewal	\$ 50.00	4133	\$206,650			
000002	Pharmacy License (New)	90.00	50	4,500	\$100.00	50	500
000002	Pharmacy Renewal	90.00	1056	95,040	\$100.00	1056	10,560
000003	Wholesaler Renewal	100.00	170	17,000			

000004	Manufacturer	100.00	124	12,400			
000007	Exam Fee	90.00	114	10,260	\$125.00	115	4,025
000007	Partial Exam Fee	45.00	14	630	\$ 62.50	15	245
000008	Original Licensure Fee	50.00	73	3,650			
000009	Reciprocity	150.00	61	9,150			
000010	Internship Registration	20.00	144	2,880			

Total increase of:							\$ 15,270
FY 85 Receipts:							\$381,612
Total anticipated receipts:							\$396,882

The total expenditures anticipated for the board for FY 1986 are shown below:

Budget items	\$351,600
LAC Request granted to cover moving expenses	\$ 17,530
Non Budget items covered by Fees	\$ 23,790
Total	\$392,920

Since approval of this request must be included as part of the Statement of Need and Reasonableness required for adoption of a new rule, and since the Board has passed the resolution of intent to raise the fees and the proposed change is at the revisor's office, there is some urgency to this request.

Thank you for your assistance.

DEH:pe