

10/21/91

STATE OF MINNESOTA
COUNTY OF RAMSEY

BEFORE THE MINNESOTA
BOARD OF PHARMACY

In the Matter of the Proposed
Rule Amendment Relating to Fees
for Licensure of Pharmacists,
Pharmacist Renewals, Reciprocity,
and Examinations.

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 need for and facts establishing the reasonableness of the above captioned proposed amendments to portions of the Board's rules. The statutory authority for these proposed rule changes is contained in Minn. Stat. section 214.06 which requires the Board to adjust fees so that the total fees collected "... will as closely as possible equal anticipated expenditures during the fiscal biennium."

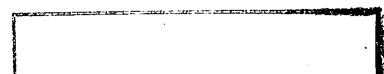
The rules captioned above are being adopted according to the procedures set forth in Minn. Stat. section 16A.128. A copy of the approval of the Commissioner of Finance relative to the proposed fees is incorporated herein.

Minnesota rules part 6800.1150 is the Board's current rule addressing pharmacist renewal and licensure fees. Minnesota rules part 6800.1250 is the Board's current rule on examination fees. Minnesota rules part 6800.1300 is the Board's current rule on reciprocity fees.

The Board is proposing to amend the rules relating to fees in order to establish fees that will ensure that the Board generates sufficient revenue

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to cover its expenditures over the fiscal year 1992 -93 biennium as is required by Chapter 214.06.

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 last time that pharmacist renewal fees were increased was in January of 1989. At that time, the fee was increased to its present level of \$65. Since the Board's total number of licensees in all categories has increased only very slightly in the past few years, the rising costs of operation of the Board has necessitated this fee increase.

General Board expenses associated with the operation of the Board are paid for through appropriations from the Legislature. During each biennium, 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. The legislative appropriation for fiscal years 1992 and 1993 were made in expectation of the Board increasing its fees as proposed herein in order to cover the increases granted.

The increases granted by the Legislature involve costs associated with bringing the Board's computerized licensing function in-house during fiscal year 1992 and the hiring of one additional surveyor and one additional clerical person in fiscal year 1993.

The table below indicates the amount of additional revenue anticipated from the proposed fees increases.

TABLE 1

FEE TITLE	PRESENT FEE	PROPOSED FEE	# PAYING FEE	ADD'TNL REVENUE GENERATED
Original Licensure Fee	\$65	\$75	121	\$ 1,200
Pharmacist Renewal	\$65	\$75	4606	\$46,060
Reciprocity Fee	\$165	\$175	82	\$ 820
Examination Fee	\$200	\$250	134	\$ 6,700

It should be noted that, in the above table, the Board is showing no increase in the money generated due to changes in the fee associated with late renewal of licenses. This is due partly to the very small number of licensees paying late fees and partly to the fact that the fee for late payment is intended as a deterrent to late payments rather than as a revenue producer.

The Board purchases portions of its examinations from the The National Association of Boards of Pharmacy. NABP makes available, to all pharmacy boards throughout the country, the standardized "NABPLEX" Examination and the standardized Federal Drug Law Examination, which the Board utilizes. In addition, the Board prepares a laboratory practical examination and an examination on state drug laws.

NABP has announced a proposed increase in the cost of the Federal Drug Law Examination effective in 1992. In addition the Board finds that its expenses in administering both the NABPLEX and FDLE portions of the examination and the laboratory practical portion of the examination has increased in recent years.

Prior to 1990, the Board was able to obtain auditorium type rooms at the University of Minnesota for the administration of the written

examinations. These rooms were available at low cost to the Board. For the past two years, however, the auditoria at the University of Minnesota have not been available to the Board and the Board has, thus, had to resort to the rental of large ballroom type space at local hotels for the administration of the written portions of the examinations. This has increased the costs of exam administration rather dramatically. As a result, the Board finds it necessary to increase the examination fee to candidates for licensure by examination in Minnesota.

Even with the proposed examination fee increase, the Board finds that its exam fee is not substantially different from that charged in Wisconsin and North Dakota where most of the non-Minnesota candidates for licensure come from. The current examination fee in North Dakota is listed at \$225 and the examination fee in Wisconsin is listed at \$215. With the fee increases for the Federal Drug Law Examination recently announced by NABP, there is a good possibility that the fees in Wisconsin and North Dakota will be rising as well. Similarly, the average pharmacist license renewal fee for the five state area of North Dakota, South Dakota, Iowa, Nebraska, and Wisconsin is \$88.40. Even with the increase being proposed at this time by the Board, the Minnesota license renewal fee for pharmacists is below the five state average.

Whenever 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 manufacturers, 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 pharmacies in Minnesota qualify under the statutes as "small business" most actions of the Board do impact on "small business". Minn. Stat. 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 and 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 businesses;
- (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.

The provisions in these proposed rules relating to licensure fees and examination fees do not impact on small business in that they address license fees of pharmacists personally as opposed to license fees applicable to the business.

In summary, the Board believes its proposed fees changes needed and reasonable in order to meet the requirement of balancing income and expenditures.

Attached is a copy of the approval of the fee increase from the Department of Finance and a copy of the Board's Fee Review documents.



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Minnesota Board of Pharmacy