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FISCAL IMPACT REPORT

ORIGINAL DATE 1/25/07

SPONSOR Heaton LAST UPDATED 2/19/07 HB 314/aHHGAC/aHFL

Pharmacy Licensure Bonding and

SHORT TITLE Background Check SB _____

ANALYST C. Sanchez

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY07	FY08	FY09		
NFI	(\$45.0)	(\$45.0)	Recurring	Pharmacy Board

(Parenthesis () Indicate Revenue Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY07	FY08	FY09	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total	NFI	\$50	\$50	\$100	Recurring	Pharmacy Board

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Regulation and Licensing Department (RLD)

Office of the Attorney General (AGO)

SUMMARY

Synopsis of House Floor Amendment

The House Floor amendment to House Bill 314 changes the following:

- Inserts on page 5, line 6, after “history”, an exemption for drug manufacturers from the criminal and financial background checks the board may conduct as part of licensure.
- Inserts “nonresident” before pharmacy on page 9, line 16. This changes the surety bond requirement from all pharmacies to only non-resident pharmacies.

- Adds paragraphs “E” and “F” on page 9, between lines 24 and 25. Paragraph “E” exempts drug manufacturers who distribute their own products and who are licensed by the FDA, from the surety bond requirement. This paragraph also exempts warehouses that are only engaged in intracompany transfers of pharmaceuticals.

Paragraph “F” exempt companies, which already have one facility licensed including a surety bond, from having to obtain surety bonds for any or all of the other facilities the company operates and maintains.

Synopsis of HHGAC Amendment

The House Health and Government Affairs Committee amendment to House Bill 314 exempts manufacturers distributing their own products that have been licensed or approved by the food and drug administration from the criminal background check and financial history requirements of the original bill.

The amendment would impose the bill’s surety bond requirements on an applicant seeking licensure as a nonresident pharmacy or wholesale drug distributor.

The amendment would also exempt manufacturers distributing their own products that have been licensed or approved by the food and drug administration and pharmacy warehouses that are engaged only in intracompany transfers from the bill’s surety bond requirements.

A separate surety bond or other equivalent means of security would not be required for each company's separate locations or for affiliated companies or groups when such separate locations or affiliated companies or groups are required to apply for or renew their wholesale distributor license with the Board of Pharmacy.

Synopsis of Original Bill

House Bill 314 amends Section 61-11-14 NMSA 978 and adds new provisions to the Pharmacy Act relating to the following:

- Reduces the license fee for wholesale drug distributors or drug manufacturers from \$5,000 to \$1,000;
- Adds a requirement for the Pharmacy Board to conduct criminal background and financial history checks before issuing a license to operate a facility or business identified as a pharmacy, health clinic, home care service, emergency medical service., animal control facility, wholesaler, retailer or distributor of veterinary drug, contact lens seller, medicinal gas seller or repackager, return drug processor or drugs research facility;
- Eliminates the fund created to collect funds for a prescription drug program; and
- Allows the Pharmacy Board to require surety bonds or other equivalent means of security to secure payment for any administrative or judicial penalties that may be imposed by the Board.

FISCAL IMPLICATIONS

There are no fiscal implications on the Board of Pharmacy for implementing this legislation.

The amount collected from drug wholesale licensing fees will be reduced from \$5,000 to \$1,000.

SIGNIFICANT ISSUES

The Regulation and Licensing Department will have the ability to screen license applicants for criminal histories or financial problems that may lead to a criminal history before allowing them to interact or handle controlled substances.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Criminal and financial background checks cannot be conducted on licensees. Licensing fees will not be reduced.

CS/csd