



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
 (803)734-0640 • RFA.SC.GOV/IMPACTS

Bill Number: H. 3348
 Author: Spires
 Requestor: House Medical, Military, Public, and Municipal Affairs
 Date: February 2, 2015
 Subject: Out-of-state pharmacies
 RFA Analyst(s): Stein, Gardner, Kincaid, Wren

Estimate of Fiscal Impact

	FY 2015-16	FY 2016-17
State Expenditure		
General Fund	N/A	N/A
Other and Federal	N/A	N/A
Full-Time Equivalent Position(s)	0.00	0.00
State Revenue		
General Fund	N/A	N/A
Other and Federal	\$416,800	N/A
Local Expenditure	N/A	N/A
Local Revenue	N/A	N/A

Fiscal Impact Summary

House Bill 3348 is not expected to have an expenditure impact on the General Fund, Federal Funds, or Other Funds. Revenue of the Department of Labor, Licensing and Regulation is expected to increase by \$416,800 in FY 2015-16.

Explanation of Fiscal Impact

State Expenditure

House Bill 3348 amends the Pharmacy Practices Act by expanding the permitting requirement to all out-of-state prescription drug facilities that do business in this State. In addition, the bill requires permitted facilities to notify the Board of Pharmacy of any disciplinary action imposed by a regulatory agency. The bill authorizes inspections of out-of-state facilities and imposes fees. The fees are to be retained by the Department of Labor, Licensing and Regulation to offset the cost of the inspections. The bill also requires wholesale distributors to post a surety bond, undergo a criminal record check and meet certain other requirements in order to be certified as a “designated representative.”

Department of Labor, Licensing and Regulation. The Department indicates that this bill will have no expenditure impact on the agency since LLR is already conducting inspections of out-of-state facilities directly or by reciprocal agreement. Any additional costs associated with out-of-state inspections would be offset by fees (received as Other Funds) which are retained by the agency. There is no expenditure impact on the General Fund or Federal Funds.

Secretary of State. The Secretary of State reports that this bill will have no expenditure impact on the General Fund, Federal Funds, or Other Funds.

State Law Enforcement Division. The agency estimates that this bill will have a minimal impact on Other Funds, which the agency can absorb at their current level of funding. The agency charges \$25 for criminal background checks; therefore, any additional background checks as noted in the bill would be funded by such fees. However, the bill does not indicate whether both a state and federal criminal record check conducted by SLED are required.

Department of Health & Environmental Control. The Department indicates that this bill will have no impact on the General Fund, Federal Funds, or Other Funds.

State Revenue

This bill amends Section 40-43-83 by requiring all out of state pharmacies, wholesalers, distributors, manufacturers and medical gas device entities whose primary business is mail order pharmacy to be permitted by the Board of Pharmacy. This Section also outlines the increased application and renewal fees for the nonresident facilities noted above. Additionally, Section 40-43-89 has been amended to require all wholesale distributors to provide evidence of a \$100,000 surety bond or certified Letter of Credit. The revenue generated pursuant to this bill must be used to offset costs incurred by the Board of Pharmacy for nonresident facility permitting and inspections.

Based on information provided by the Board of Pharmacy, there are currently 631 permitted nonresident pharmacies, 933 permitted nonresident wholesalers, distributors and manufacturers, and 258 permitted nonresident medical gas and legend device entities. This bill increases both the initial application and renewal fees each by \$250 for nonresident pharmacies, \$250 for nonresident wholesalers, distributors, and manufacturers, and \$100 for nonresident medical gas and legend device entities. Since the Board of Pharmacy reports there are currently 1,822 permitted nonresident facilities, we expect a minimal increase in revenue due to new applications. However, based on the numbers stated above, we expect the increased renewal fees to raise Other Funds of the Department of Labor, Licensing and Regulation by \$416,800 in FY 2015-16.

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director