Fee Narrative - Proposed Fee Increase
Pharmacy Assistant under WAC 246-907-0301 (new)
June 1, 2016

Overview
The Department of Health (department), Health Systems Quality Assurance Division’s top priority is to protect and improve the health of people in Washington State. Health Systems Quality Assurance (HSQA) does this by helping to prevent injuries, develop health systems and improve patient safety. We work closely with communities and local health partners to build strong health systems and prevention programs. This helps ensure that everyone has access to good healthcare and emergency medical services. HSQA regulates and supports more than 408,000 health professionals in 86 health professions and over 7,000 health care facilities, collaborating with boards, commissions, and advisory committees to set standards for patient protection.

State law (RCW 43.70.250) requires that each health care program be self-supporting and directs the department to collect license fees (license, registration, or certification fees) to pay the costs to regulate each health care profession or facility. The department is responsible for adopting all healthcare licensing fees, including those for professions and facilities regulated by a board or commission.

Reason for the Proposal
The department is proposing establishing new pharmacy assistant fees in response to Senate Bill 5549. In the current WAC 246-901-080, pharmacy assistant credentials are included in the annual fee ($65 initial fee, $75 renewal) a pharmacy pays to employ pharmacy ancillary personnel. The proposed pharmacy assistant fee will be in addition to the pharmacy ancillary personnel fee paid by pharmacies. The pharmacy ancillary personnel fee, and associated ancillary personnel utilization plan, allow the pharmacy to employ any number of pharmacy assistants. The Pharmacy Quality Assurance Commission (commission) reviews the utilization plans to assure pharmacy staffing ratios are appropriate to protect patient safety. The current fee, which generates $93,000 annually, is needed to continue review of utilization plans, but does not cover the $281,000 annual cost of credentialing and regulating more than 10,500 currently registered pharmacy assistants or anticipated growth of this credential. These costs are currently borne by the licensing fees for pharmacists, pharmacy technicians, and pharmacies regardless of whether they employ pharmacy assistants. SB 5549 directs the department to set pharmacy assistant registration fees at an amount to cover the costs of administering this profession as required by RCW 43.70.250. The bill also adds the profession of pharmacy assistants under the Uniform Disciplinary Act regarding regulation and discipline for the profession. (The Pharmacy Quality Assurance Commission is amending WAC 246-901-080 to be consistent with the proposed fee rule and renewal cycle.)

How Proposed Fees are Determined
Late renewal penalties
Late renewal penalties are not figured into the fee study described below. It is difficult to anticipate how many practitioners will be late in renewing, but it is a small percentage of renewals. In addition, late penalties are used to recover additional costs involved in processing late renewals, which cannot be automated like on-time renewals. Late penalties are set using the following standards:

If the annual renewal fee is:

- $1 to $50, the late renewal penalty is set at 100% of the renewal fee.
- $50 to $100, the late renewal penalty is set at $50.
- $101 or more, the late renewal penalty is set at 50% of the renewal fee, and no more than $300.

Application and active renewal fees
Fee studies are used to set the fees at rates that recover the costs of administering each profession. Fee studies are based on the best information available at the time. The study analyses are based on six-year projections of fee
revenue and expenses for each profession. Actual revenue and expenditure totals will vary based largely on the number of practitioners and disciplinary activity each year. Continual analysis of the professions is necessary to ensure fees keep pace with expenditures, while not allowing revenues to become excessive.

The department develops a best estimate based on these factors and costs based upon history and experience. On the revenue side, the number of licensees can vary from initial projections. On the expenditure side, costs can also vary from year to year. The largest category of spending, discipline is complex and difficult to predict. It is influenced by the numbers of complaints received, cases investigated, cases litigated, and the complexity of each case. The fees also cover licensing costs; such as issuing and renewing credentials, completing background checks, confirming education and training of applicants if required, and costs to adopt rules to implement standards set or changed by the legislature.

The department sets a desired fund balance to cover annual expenditures plus an amount for unanticipated expenditures, such as costly disciplinary cases or other increases in operating costs. A desired fund balance is set at a percentage of expenditures based on the profession’s or licensing program’s complaint rate and the licensee growth.

**Proposed Fees**

The goal of the proposed registration fee for pharmacy assistants is to cover the costs of administering the credential. Under current rule there is no registration fee for individual pharmacy assistants, and revenue does not fully support the cost of credentialing, complaint investigations, and other regulatory activities, meaning other pharmacy program funds supplement these activities.

Currently, the registration of pharmacy assistants is included in the fee for authorizing a pharmacy to use pharmacy ancillary personnel. The department proposes to separate the pharmacy assistants from other pharmacy fees because the cost of the workload to credential this profession has increased to the point that additional revenue is needed. Fees to use pharmacy ancillary personnel will remain the same.

Given their assumed growth rate of 3.3 percent, regulation of pharmacy assistants will place an ever greater burden on the pharmacy program.

### Credential Count - Growth

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Pharmacy Assistant</td>
<td>10,526</td>
<td>10,873</td>
<td>11,232</td>
<td>11,603</td>
<td>11,986</td>
</tr>
</tbody>
</table>

**Proposed Application and Active Renewal Fees**

<table>
<thead>
<tr>
<th></th>
<th>Pharmacy Assistants</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Current</td>
<td>Proposed</td>
</tr>
<tr>
<td>Application</td>
<td>$0</td>
<td>$25</td>
</tr>
<tr>
<td>Renewal</td>
<td>$0</td>
<td>$25</td>
</tr>
<tr>
<td>Late Penalty</td>
<td>$0</td>
<td>$25</td>
</tr>
<tr>
<td>Duplicate</td>
<td>$0</td>
<td>$10</td>
</tr>
<tr>
<td>Verification</td>
<td>$0</td>
<td>$15</td>
</tr>
</tbody>
</table>

**Assumed Growth Rate** 3.3%

**Assumed Growth in Spending** 1.3%

**Desired Fund Balance** 15%
Projected revenue is based on proposed application and renewal fees, as these are trends we can anticipate. It does not include late penalties or other fees like duplicate license fees, which are difficult to anticipate. In fiscal year 2017, expenditures will start on July 1, 2016, while revenue from fees will start on February 1, 2017.