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OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
and Drafting

Legislative Budget
Office

H.B. 558
134th General Assembly

Fiscal Note & Local Impact Statement

[Click here for H.B. 558's Bill Analysis](#)

Version: As Passed by the House

Primary Sponsors: Reps. Roemer and Jordan

Local Impact Statement Procedure Required: No

Jamie Duskocil, Fiscal Supervisor, and other LBO staff

Highlights

- The State Board of Pharmacy will incur minimal one-time costs to draft and update administrative rules governing its existing Drug Repository Program.
- The State Board of Pharmacy will experience a slight decrease in terminal distributor of dangerous drugs license revenue, which is deposited to the credit of the Occupational Licensing and Regulatory Fund (Fund 4K90), due to the fee exemption of charitable pharmacies that participate in the Drug Repository Program. Licensing would still be required and the Board would still oversee and inspect the participating pharmacies.
- The Department of Health will incur minimal costs to provide notifications to specified Certificate of Need holders regarding project expiration dates.

Detailed Analysis

Drug Repository Program

The bill modifies the state's Drug Repository Program managed by the State Board of Pharmacy. Most notably, the bill:

- Exempts charitable pharmacies, nonprofit clinics, and hospitals from current law's general prohibition on accepting or distributing drugs not in their original sealed and tamper-evident unit dose packaging;
- Exempts charitable pharmacies, nonprofit clinics, and hospitals from the existing law prohibition on reselling drugs donated to the program, by authorizing those entities to make occasional sales of donated drugs at wholesale;

- Extends the authority to distribute drugs under the program to licensed health professionals authorized to prescribe drugs;
- Eliminates the requirement that the Board consult with the Director of Health when adopting rules; and
- Exempts charitable pharmacies that participate in the Drug Repository Program from the requirement to pay licensure and renewal fees that otherwise apply to operate as a terminal distributor of dangerous drugs.

The Drug Repository Program manages the collection and distribution of drugs donated or given by pharmacies, drug manufacturers, health care facilities, and others to Ohio residents who meet eligibility standards established by the Board. The bill's changes essentially expand the program's scope by allowing for (1) the participation of more organizations and entities and (2) the collection and distribution of a broader array of drugs.

The Board will be required to update the administrative rules relating to the program, including a form to be signed when making a donation. The costs would be administrative in nature, occur one-time, and likely be absorbed in the normal day-to-day operations using existing staff and resources. The staff of the Board do not anticipate any additional operating expenses regardless of the number of organizations and entities that may choose to participate.¹ Provisions of the bill that eliminate the requirement that the Board consult with the Director of Health when adopting rules governing the Drug Repository Program, appear to largely codify current practice, as the Department of Health's role in the program currently is extremely limited.

There will be a slight decrease in terminal distributor of dangerous drugs licensure revenue, which is deposited to the credit of the Occupational Licensing and Regulatory Fund (Fund 4K90), due to the fee exemption (shown in the table below) of charitable pharmacies that participate in the Drug Repository Program. Currently, there are three charitable pharmacies operating in Ohio, all currently licensed by the Board. The number of additional organizations and entities that would opt to participate in the program because of the bill is unknown. Licensing would still be required and the Board would still oversee and inspect the participating pharmacies.

Terminal Distributor of Drug Distributors (TDDD) License Fee Schedule	
Class	Fee
Category II or Limited Category II	\$320
Category III or Limited Category III	\$440
Professional Association, Corporation, Partnership, or Limited Liability Company Organized to Practice Veterinary Medicine	\$120
Solo Practitioner, Sole Shareholder, or Dentist	\$120

¹ The bill will apply to Ohio's Federally Qualified Health Centers (FQHCs, or community health centers).

Terminal Distributor of Drug Distributors (TDDD) License Fee Schedule	
Class	Fee
EMS Satellite Locations	\$120
Late Renewal Penalty	\$110

Certificate of Need

The bill requires the Director of Health (ODH) to grant a Certificate of Need (CON) holder a 24-month extension to obligate capital expenditures and commence construction for a proposed project for a CON granted during the period of the COVID-19 state of emergency. ODH is required to notify the CON holder of the date on which the 24-month extension expires. The bill also provides that the transfer of a CON, or transfer of the controlling interest in an entity that holds a CON, prior to completion of the reviewable activity for which the CON was granted, does not void the CON, as long as recognizing the transfer would not result in a violation of existing law that prohibits a CON application from being approved in various circumstances. ODH may experience a minimal increase in administrative costs to provide the notification. Any other impacts will depend on the number of CONs impacted and whether any fees would have been charged under current law.