

ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit



P.O. Box 113300
Juneau, AK 99811-3300
(907) 465-3830
FAX (907) 465-2347
legaudit@legis.state.ak.us

SUMMARY OF: A Sunset Review of the Department of Commerce, Community and Economic Development, Division of Occupational Licensing, Board of Pharmacy, September 3, 2004.

PURPOSE OF THE REPORT

In accordance with Title 24 and Title 44 of the Alaska Statutes, we have reviewed the activities of the Board of Pharmacy (BOP). As required by AS 44.66.050(a), the legislative committees of reference are to consider this report during the legislative oversight process involved in determining if the board should be reestablished. Currently, AS 08.03.010(c)(15) states that the board will terminate on June 30, 2005. If the legislature does not extend the termination date for the board, BOP will have one year to conclude its administrative operations.

REPORT CONCLUSIONS

In our opinion, the termination date for the Board of Pharmacy should be extended. The board is safeguarding the public interest by ensuring the competence of individuals who hold themselves out to the public as pharmacists, pharmacist interns, and pharmacist technicians through reasonable licensing and regulatory requirements. The board also has a role in the regulation of pharmacies, drug rooms,¹ and wholesale distributors.

The board adopted regulatory changes that have improved the board's oversight process and promoted more effective regulation of licensed pharmacists and pharmacies.

Alaska Statute 08.03.010(c)(15) requires the Board of Pharmacy be terminated on June 30, 2005. Under AS 08.03.020, the board has a one-year period to administratively conclude its affairs. We recommend the Legislature extend the board's termination date to June 30, 2010.

FINDINGS AND RECOMMENDATIONS

¹ The term drug room refers to a situation, which requires licensure from the Board of Pharmacy, where an institutional facility that does not maintain a pharmacy but prepares and administers prescription drugs from bulk supplies for patients receiving treatment within the facility.

Recommendation No. 1

The Division of Occupational Licensing, in conjunction with the Board of Pharmacy, should increase licensing fees to eliminate the board's current and projected operating deficits.

At the end of FY 03, the board had an operating deficit of \$65,100. Based on expenditures and revenues to date, we project that it is likely the board will be in a deficit again at the end of FY 04. The major contributing factor to the deficit is that board costs have exceeded license renewal fee revenues without the board and Division of Occupational Licensing (OccLic) putting in place the necessary licensing and other fee adjustments. Alaska Statute 08.01.065(c) requires fees for an occupation be set at a level to approximate the related regulatory costs.

Although BOP did increase licensing fees in June 2004, another increase is necessary to eliminate the deficit and to meet annual operating costs of the board. Accordingly, we recommend the department and the board review the regulatory costs and licensing fees to ensure BOP fees are sufficient eliminate the deficit and to meet annual operating costs of the board and regulation of the profession.

Recommendation No. 2

The Division of Occupational Licensing should rescind the requirement to provide a photograph with each license application.

The Division of Occupational Licensing has eliminated questions on the licensing application requiring personal information. However, a notarized photograph is still required to accompany the licensing application.

OccLic has continued with the requirement because of the stipulations made by the National Association of Boards of Pharmacy (NABP). When applying for a license, an individual must also submit a NABP application to BOP. In the past, NABP required OccLic staff to compare the photo on the NABP form to the photograph submitted with the state application. OccLic staff indicates they are not sure this is still a requirement.

If the NABP photo comparison requirement is still in place, we recommend OccLic continue to solicit photographs for that purpose. However, the photographs should be kept in a separate file from one reviewed by the board. This separation would eliminate a factor that could have an impact on an individual receiving a license outside of technical qualifications. Taking such action provides greater assurance that the board will consistently be in compliance with equal employment opportunity statutes and regulations.

September 20, 2004

Members of the Legislative Budget
and Audit Committee:

In accordance with the provisions of Title 24 and Title 44 of the Alaska Statutes, we have reviewed the activities of the Board of Pharmacy and prepared the attached report for your review.

DEPARTMENT OF COMMERCE, COMMUNITY,
AND ECONOMIC DEVELOPMENT
BOARD OF PHARMACY

September 3, 2004

Audit Control Number

08-20033-04

This audit was conducted as required by AS 44.66.050 and under the authority of AS 24.20.271(1). Alaska Statute 44.66.050(c) lists criteria to be used to assess the demonstrated public need for a given board, commission, agency, or program subject to the sunset review process. Currently under AS 08.03.010(c)(15), the Board of Pharmacy is scheduled to terminate on June 30, 2005. If the legislature takes no action to extend the termination date, the board would be allowed one year in which to conclude its administrative operations. We recommend that the legislature extend the board's termination date to June 30, 2010.

The sunset review was conducted in accordance with generally accepted government audit standards. Fieldwork procedures utilized in the course of developing this report are set out in the Objectives, Scope, and Methodology section.

Pat Davidson, CPA
Legislative Auditor

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OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Title 24 and Title 44 of the Alaska Statutes, we have reviewed the activities of the Board of Pharmacy (BOP). As required by AS 44.66.050(a), the legislative committees of reference are to consider this report during the legislative oversight process involved in determining if the board should be reestablished. Currently State law, at AS 08.03.010(c)(15), states that the board will terminate on June 30, 2005. If the legislature does not extend the termination date for the board, BOP will have one year to conclude its administrative operations.

Objectives

The three central, interrelated objectives of our report are:

1. To determine if the termination date of the board should be extended.
2. To determine if the board is operating in the public interest.
3. To determine if the board has exercised appropriate regulatory oversight of licensed pharmacists, pharmacy technicians, pharmacy interns, pharmacies, drug rooms and wholesale drug distributors.

The assessment of the operations and performance of the board was based on criteria set out in AS 44.66.050(c). Criteria set out in this statute relates to the determination of a demonstrated public need for the board.

Scope and Methodology

Under the direction and supervision of the Division of Legislative Audit, another auditor conducted most of this review. We followed professional standards to determine that the other auditor was independent and their work was competent and sufficient.

The major areas of our review were board proceedings, licensing, complaint investigation, and resolution functions for fiscal years ending June 30, 2001, 2002, and 2003. During the course of our examination we reviewed and evaluated the following:

- Applicable statutes and regulations related to the licensing of pharmacists, pharmacy technicians, pharmacy interns, pharmacies, drug rooms, and wholesale drug distributors.
- Minutes of meetings of the Board of Pharmacy.

- Annual reports issued by the Board of Pharmacy.
- Complaints filed with the Department of Commerce, Community, and Economic Development, Division of Occupational Licensing.
- Reading and correspondence files maintained with the Department of Commerce, Community, and Economic Development, Division of Occupational Licensing.
- Interviews with employees of the Department of Commerce, Community, and Economic Development, Division of Occupational Licensing.
- Review of financial records related to the revenues generated and the operating costs incurred by BOP.
- Complaint and related investigative case files maintained by the Division of Occupational Licensing's investigative section.
- Files related to applicants for, and holders of, licenses issued by BOP.

ORGANIZATION AND FUNCTION

The Board of Pharmacy was established for the purpose of controlling and regulating the practice of pharmacy in the State. Alaska Statute 08.80.005 states that effective control and regulation of the practice of pharmacy is necessary to promote, preserve, and protect the public's health, safety, and welfare.

Board Membership

The Board of Pharmacy is composed of seven members. State law requires five board positions be licensed pharmacists actively engaged in the practice of pharmacy in the State for a period of three years immediately preceding their appointment. The remaining two positions are to be filled by individuals from the general public. Statute prohibits these public members from having a direct financial interest in the health care industry.

Board Duties

In general, the board regulates admission into the practice of pharmacy, establishes and enforces competency by ensuring compliance with professional standards, and adopts regulations. Enforcement includes assisting in the investigation of potential violations and suspending or revoking licenses when determined necessary.

The board licenses pharmacists, retail facilities, wholesale distributors, drug rooms, institutional facilities, and out-of-state facilities. It also issues permits to individuals to act as pharmacy interns, and pharmacy technicians.

Applicants for a pharmacist license are required to pass a National Association of Boards of Pharmacy licensing examination. Additionally, applicants must pass a jurisprudence examination covering Alaska pharmacy law and the Federal Controlled Substance Act. Applicants who are licensed to practice pharmacy in another state may be awarded an Alaska license to practice, based on their credentials, as long as they have passed the national examination.

Board of Pharmacy Members as of June 30, 2004
<u>Registered Pharmacists</u> Margaret D. Soden, Chairman William R. (Bill) Altland Cindy Bueler Gary Givens Laura Lee Nelson <u>Public Members</u> Gerry Knasiak Michael Pauley

Division of Occupational Licensing

Division of Occupational Licensing (OccLic) staff assists the board in its duties. OccLic staff processes applications, maintains licensing files, answers board-related correspondence, and provides administrative support to the board. Additionally, OccLic staff investigates complaints involving the practice of pharmacy.

REPORT CONCLUSIONS

In our opinion, the termination date for the Board of Pharmacy should be extended. The board is safeguarding the public interest by ensuring the competence of individuals who hold themselves out to the public as pharmacists, pharmacist interns, and pharmacist technicians through reasonable licensing and regulatory requirements. The board also has a role in the regulation of pharmacies, drug rooms,¹ and wholesale distributors.

The board adopted regulatory changes that have improved the board's oversight process and promoted more effective regulation of licensed pharmacists and pharmacies.

Alaska Statute 08.03.010(c)(15) requires the Board of Pharmacy be terminated on June 30, 2005. Under AS 08.03.020, the board has a one-year period to administratively conclude its affairs. We recommend the Legislature extend the board's termination date to June 30, 2010.

Implementation of our recommendation would require the legislature to exercise some discretion permitted by state law. Alaska Statute 08.03.020(c) provides for the following:

*“A board scheduled for termination ... may be continued or reestablished by the legislature for a period not to exceed four years **unless the board is continued or reestablished for a longer period...**”* [emphasis added]

A five-year extension would work towards smoothing out the number of boards and commissions that come under sunset in a particular year. Typically, there are four to six boards and/or commissions scheduled for a legislative sunset review. For 2005, however, there were 12 entities scheduled for sunset. Nonstandard extension dates will allow for a more even distribution of organizations going through the sunset process in any given year.

¹ The term drug room refers to a situation, which requires licensure from the Board of Pharmacy, where an institutional facility that does not maintain a pharmacy but prepares and administers prescription drugs from bulk supplies for patients receiving treatment within the facility.

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FINDINGS AND RECOMMENDATIONS

Recommendation No. 1

The Division of Occupational Licensing, in conjunction with the Board of Pharmacy, should increase licensing fees to eliminate the board's current and projected operating deficits.

At the end of FY 03, the board had an operating deficit of \$65,100. Based on expenditures and revenues to date, we project that it is likely the board will be in a deficit again at the end of FY 04. The major contributing factor to the deficit is that board costs have exceeded license renewal fee revenues without the board and Division of Occupational Licensing (OccLic) putting in place the necessary licensing and other fee adjustments. Alaska Statute 08.01.065(c) requires fees for an occupation be set to approximate the regulatory costs related to that occupation.

There has been a significant increase in indirect expenses charged to the board. From FY 01 to FY 03 these costs increased over 85%. Indirect expenses incurred by OccLic are allocated to each board based on the number of licenses each board issues. The increase in indirect expenses is primarily due to the growth of the relative number of licensees (the number of BOP licensees increased by approximately two-thirds). Additionally, during the same period there was an increase in the indirect cost pool base of approximately 22%. Without further increases to licensing fees for the Board of Pharmacy (BOP), the deficit will remain and it is likely the board will not cover annual operating costs in FY 04 or FY 05.

Although BOP did increase licensing fees in June 2004, another increase is necessary to eliminate the deficit and to meet annual operating costs of the board. Accordingly, we recommend the department and the board review the regulatory costs and licensing fees to ensure BOP fees are sufficient to eliminate the deficit and meet annual operating costs of the board and regulation of the profession.

Recommendation No. 2

The Division of Occupational Licensing should rescind the requirement to provide a photograph with each license application.

In the prior sunset audit of the Board of Pharmacy (*Department of Commerce and Economic Development, Division of Occupational Licensing, Board of Pharmacy, Audit Control No. 08-1457-98*), we identified two application requirements that were unreasonable and unnecessary: (1) a recent photograph of the applicant, and (2) submission of personal information such as height, weight, hair color, etc.

The Division of Occupational Licensing has eliminated questions on the licensing application requiring personal information. However, a notarized photograph is still required to accompany the licensing application.

OccLic has continued with the requirement because of the stipulations made by the National Association of Boards of Pharmacy (NABP). When applying for a license, an individual must also submit a NABP application to BOP. In the past, NABP required OccLic staff to compare the photo on the NABP form to the photograph submitted with the state application. OccLic staff indicates they are not sure this is still a requirement.

If the NABP photo comparison requirement is still in place, we recommend OccLic continue to solicit photographs for that purpose. However, the photographs should be kept in a separate file from one reviewed by the board. This separation would eliminate a factor that could have an impact on an individual receiving a license outside of technical qualifications. Taking such action provides greater assurance that the board will consistently be in compliance with equal employment opportunity statutes and regulations.

If the NABP comparison is no longer required, then OccLic should rescind the photographic requirement with the license application.

A ANALYSIS OF PUBLIC NEED D

The following analysis of board activities relates to the public-need factors defined in AS 44.66.050(c). These analyses are not intended to be comprehensive, but address those areas we were able to cover within the scope of our review.

The extent to which the board, commission, or program has operated in the public interest.

The board has operated in the public's interest by licensing qualified applicants, publishing a newsletter to inform licensees of new regulatory requirements and practices, and drafting new regulations in conjunction with legislative revision to the State's pharmacy statutes.

The board continues to educate licensees regarding the Pharmacy Practice Act and pharmacy regulations. The board published newsletters informing licensees of the State's current jurisprudence regarding pharmacy and impact of recent revisions to statutes and regulations. In addition, the board continues to monitor the questions on the Multi-State Pharmacy Jurisprudence Examination. While the National Association of Boards of Pharmacies administers and scores the test, the Alaska board is responsible for monitoring the questions related to Alaska state law. The board continues to assess and evaluate the growing public concern regarding abuse of prescription drugs.

The board supported legislation that permits it to deny licensure to individuals who have committed various violations in other jurisdictions. Previously the board lacked that authority.

The extent to which the operation of the board, commission, or agency program has been impeded or enhanced by existing statutes, procedures, and practices that it has adopted, and any other matter, including budgetary, resource, and personnel matters.

Alaska Statute 08.80.010(a) states, in part, "[w]henver possible, the board shall include at least one member from each judicial district." Traditionally, the northwest region of the state, which makes up the second judicial district, has not been represented on the board. Current regional board membership consists of two members from southcentral, three from southeast, and one from the interior. During the current review period, no one from the northwestern region had applied for an open board position. Although, the second judicial district continues to be absent from the board, we do not believe the board composition is necessarily inconsistent with state law.

The revenues for the Board of Pharmacy come from licensing and renewal fees. Renewals are conducted on a biennial basis. This creates a two-year cycle in board revenues, with the BOP receiving most of its revenues during the renewal period. We reviewed the internal records maintained by the Division of Occupational Licensing (OccLic) for revenues and expenditures associated with BOP. We did not audit this information, but present it for general information purposes. The table below presents financial information of the board for fiscal years 2001, 2002, and 2003.

State of Alaska			
Board of Pharmacy			
Schedule of License Revenues and Board Expenditures			
FY 01 - FY 03			
(Unaudited)			
	<u>FY 03</u>	<u>FY 02</u>	<u>FY 01</u>
Revenue	\$ 72,900	\$ 198,600	\$ 65,100
Direct Expenses			
Personal Services	69,100	58,700	34,600
Travel	11,800	10,900	8,800
Contractual	28,400	23,700	8,600
Supplies	300	300	-
Equipment	-	-	-
Total Expenses	<u>109,600</u>	<u>93,600</u>	<u>52,000</u>
Indirect Expense	<u>95,600</u>	<u>70,700</u>	<u>51,100</u>
Total Expenses	<u>205,200</u>	<u>164,300</u>	<u>103,100</u>
Annual Surplus (Deficit)	<u>(132,300)</u>	<u>34,300</u>	<u>(38,000)</u>
Beginning Cumulative Surplus (Deficit)	67,200	32,900	70,900
Ending Cumulative Surplus (Deficit)	<u>\$ (65,100)</u>	<u>\$ 67,200</u>	<u>\$ 32,900</u>

Alaska Statute 08.01.065(c) states, “...that the total amount of fees collected for an occupation approximately equals the actual regulatory costs for the occupation.” As shown in the financial schedule above, BOP incurred a deficit at the end of FY 03 and it is anticipated that the board will incur a deficit again in FY 04.

As evidenced in the financial schedule, board expenditures have increased steadily during the period under review. BOP took action to reduce the deficit by instituting regulatory changes to increase licensing fees effective June 2004; however, those increases fell short of what is necessary to ensure compliance with AS 08.01.065(c). As discussed in Recommendation No. 1, the Division of Occupational Licensing should increase licensing fees to bring BOP into compliance with state law.

The extent to which the board, commission, or agency has recommended statutory changes that are generally of benefit to the public interest.

During the 23rd Legislative session HB 270² was adopted. BOP supported the legislation which allows it to deny a license applicant for the same violations that currently warrants licensing sanction, including suspension of licensure, for current license holders. Previously, the board was unable to deny licensure to an individual with a violation or previous sanction from another jurisdiction when such action was truthfully disclosed by the individual on their application for licensure. The individual would receive the license and then BOP would have to develop a Memorandum of Agreement or otherwise, actively, monitor their practice. Now under the 2003 change in statute, the board can deny initial licensure.

Two regulatory changes adopted by the board include: (1) the acceptance of up to 1,000 hours of internship credit completed in conjunction with the pharmacist educational requirements, and (2) mandatory patient counseling.³ Previously, pharmacists were *advised* to offer counseling to patients; however, they are now *required* to offer counseling to patients. The board continues to work on telepharmacy regulations that will regulate remote pharmacies and electronic transmission of prescriptions.

The extent to which the board, commission, or agency has encouraged interested persons to report to it concerning the effect of its regulations and decisions on the effectiveness of service, economy of service, and availability of service that it has provided.

The Division of Occupational Licensing (OccLic) has published notices of all examinations, meetings, and regulation changes. A period of time for public comment was available at each public meeting.

² Chapter 140 SLA 03

³ Counseling may include (1) the name and description of the prescribed drug; (2) the dosage and dosage form; (3) the method and route of administration; (4) the duration of the prescribed drug therapy; (5) any special directions and precautions for preparation, administration, and use by the patient that the pharmacist determines are necessary; (6) common severe side or adverse effects; (7) patient techniques for self-monitoring of the drug therapy; (8) proper storage; (9) prescription refill information; and (10) the action to be taken in case of a missed dose.

The extent to which the board, commission, or agency has encouraged public participation in the making of its regulations and decisions.

Public notices of proposed regulations are published in the *Anchorage Daily News* and the Alaska Online Public Notice System. Meetings are adequately advertised and time is set aside for public testimony.

Board minutes from BOP meetings reflect public participation throughout the meeting. Proposed regulations are often circulated to those affected by the proposed regulations through professional trade journals, public notice advertisement, or direct mail correspondence from OccLic.

The efficiency with which public inquiries or complaints regarding the activities of the board, commission, or agency filed with it, with the department to which a board or commission is administratively assigned, or with the office of victims' rights or the office of the ombudsman have been processed and resolved.

For the period July 2001 through May 2004, the Division of Occupational Licensing opened 81 investigative cases related to individuals either seeking licensure or licensed by the BOP. Of those cases, approximately 40% stemmed from licensing deficiencies arising from the review of OccLic staff, while 26% stemmed from other licensed professionals such as pharmacists, physicians, or pharmacy technicians. The general public generated 28% of the complaints against pharmacists and pharmacy technicians during this time period. As of June 2004, 70 of the 81 complaints had been closed.

We reviewed ten complaints, eight open cases and two closed cases. All ten complaints reviewed had been open for longer than 120 days; the average length of time these cases had been opened exceeded a year. None of the outstanding cases involved complaints made by the public; six of the ten were made by licensed associates relating to fraud, drug diversion, substance abuse, and facility standards.

Five of the ten did not have any record of recent contact between the assigned investigator and the individual(s) involved in the complaint. OccLic investigators attributed this lack of contact to the necessity of filing a formal accusation against the individual which involved review and assistance from the Department of Law. Such involvement accounts for the long period of inactivity for some of the investigations. While the involved delays resolving the remaining five complaints may vary in their justification, it appears BOP complaints are not being resolved efficiently.

Efficiency issues related to investigations are being evaluated in another audit report. This report addresses the history, and evaluates the effectiveness, of the State’s overall sunset process.

No complaints or investigations specifically involving the actions and activities of the Board of Pharmacy were received, or undertaken by, either the Office of the Ombudsman or the Office of Victim’s Rights within the past three fiscal years.

The extent to which a board or commission that regulates entry into an occupation or profession has presented qualified applicants to serve the public.

The table below summarizes licensing activity for the past four fiscal years, listing the number of new licenses issued per year and the number of current license holders regulated by the board at the end of FY 03.

Since the prior sunset audit, a pharmacy technician licensing category has been added as a new licensee type for the Board of Pharmacy. A pharmacy technician is a supportive staff member who works under the immediate supervision of a pharmacist and must complete training by the pharmacist-in-charge. There has been an increase in demand for pharmacy technicians in recent years because of a nationwide shortage in pharmacists.

Overall, the application process for licensing appears reasonable and appropriate. The licensing process is neither unduly restrictive nor too lax, but as discussed in Recommendation No. 2 the application process may require information that is unnecessary. Continuing education is required and adequately monitored by the board to promote a high level of quality performance and to help ensure the integrity of the profession.

Each applicant is required to satisfy requirements for licensing. When reviewing licensure procedures, we found no instances of unqualified applicants being awarded a license.

New Licenses Issued (Exclusive of Renewals)	FY 01	FY 02	FY 03	Total	Issued to Date
Pharmacist	39	47	59	145	623
Pharmacy Technician	196	247	241	684	806
Pharmacy Intern	32	27	55	114	60
Pharmacy	8	10	23	41	132
Drug Room	4	2	1	7	17
Wholesale Drug Distributor	0	11	5	16	21
Out-of-State Pharmacy	63	65	97	225	254

The extent to which state personnel practices, including affirmative action requirements, have been complied with by the board, commission, or agency to its own activities and the area of activity or interest.

We did not find any evidence that the board was not complying with the state personnel practices, including affirmative action in qualifying applicants. In no instances has the board denied an applicant a license based on personal attributes.

The extent to which statutory, regulatory, budgeting, or other changes are necessary to enable the agency, board, or commission to better serve the interest of the public and to comply with the factors enumerated in AS 44.66.050.

Alaska Statute 08.01, central licensing, applies to all professions regulated by OccLic. More specifically, AS 08.01.020 states, in part, “[b]oard members are appointed by the governor and serve at the pleasure of the governor.” A position for one public member was vacant for the entirety of FY 01, FY 02, and FY 03. This position was not filled in a timely manner. Governor Murkowski did appoint a new public member within the past year and the public interest is ostensibly being represented. The board and the Governor’s office should work together to expedite appointments to the upcoming vacancies on the board.

As discussed in Recommendation No. 1, the Board of Pharmacy must review its fee schedule and the costs of its regulatory operations. Currently, the board’s revenues are not meeting its cost of regulatory operations as required by AS 08.01.065(c). The board must increase its fees to bring its revenues in line with the regulatory costs related to its operations.

Two bills, HB 239 and HB 408, were introduced but not adopted during the 23rd Legislature. These bills contained provisions that, prospectively, could benefit the public but the cost to implement makes their adoption problematic at this time. In general, these bills relate to the establishment of an internet-based identification system to track controlled substances – many which are handled by pharmacists. Proponents of the legislation believe such a tracking system could help to prevent and identify the illicit diversion or abuse of certain drugs, thereby saving several million dollars.

According to the Chair of the Board of Pharmacy the sponsor of HB 239 is planning to introduce a similar bill in the upcoming 24th legislature. Several members of the board are reportedly assisting in developing the draft legislation, to include language very similar to successful systems in other states. Although the implementation and operational costs still may prove to be a problem, the Chair noted that there may be available federal funding to assist in implementation.



DIVISION OF OCCUPATIONAL LICENSING

Frank H. Murkowski, Governor

October 19, 2004

Pat Davidson, CPA
Legislative Auditor
Division of Legislative Audit
P O Box 113300
Juneau, AK 99811-3300

Dear Ms. Davidson:

Re: Preliminary Report
Board of Pharmacy

Thank you for the opportunity to comment on the above-referenced Preliminary Report. In response to your comments, I will respond in the order the comments were provided.

Report Conclusions:

We concur that the board should be extended to June 30, 2010. We believe the board safeguards the public by ensuring qualified applicants become licensed.

Recommendation No. 1:

The Division of Occupational Licensing, in conjunction with the Board of Pharmacy, should increase licensing fees to eliminate the board's current and projected operating deficits.

As responded to in the Management Letter dated September 13, 2004, we concur that fees will need to be increased. When large deficits exist in a program, the Department allows the program to cover its deficit, usually, over a period of four years (two biennium cycles). This practice prevents the burden of immediate financial increases to be placed upon active licensees

Pat Davidson
October 19, 2004
Page 2

Recommendation No. 2:

The Division of Occupational Licensing should rescind the requirement to provide a photograph with each license application.

Division staff have confirmed with the National Association of Boards of Pharmacy (NABP) that the requirement for a photograph of the applicant is at the discretion of board. NABP stated that by letter from the board, NABP could amend their current application procedure requirements (for Alaska applicants) to eliminate the photograph from applications. The NABP relayed that Hawaii is the only state that does not require an applicant photograph.

It is the division's position that photographs are simply an additional identification tool in the event such identification is needed. To my knowledge, neither licensing boards nor division staff have allowed an applicant's photograph to enter into the decision-making process for licensure.

Given the division's neutral position on this matter, I will defer to the Board of Pharmacy for input on this recommendation.

Again, thank you for the opportunity to comment on this report.

Sincerely,

Rick Urion
Director

cc: Edgar Blatchford, Commissioner
Department of Commerce, Community
and Economic

7010 Travis Circle
Anchorage, Alaska 99507
cbueier@alaska.com
(907)868-2890
October 12,2004

Pat Davidson, Legislative Auditor
Division of Legislative Audit
Legislative Budget and Audit Committee
ALASKA STATE LEGISLATURE
P.O. Box 113300
Juneau, AK 99811-3300

RECEIVED
OCT 14 2004
LEGISLATIVE AUDIT

Re: BOARD OF PHARMACY LEGISLATIVE AUDIT

Dear Ms. Davidson,
As the new Chairman of the Board of Pharmacy, I am responding to the Legislative Audit report sent to me early this month. The report included two recommendations which I will address.

Recommendation No. 1: The Division of Occupational Licensing, in conjunction with the Board of Pharmacy, should increase licensing fees to eliminate the board's current and projected operating deficits:

The board has recognized that licensing fee increases would be necessary and began working towards that end months ago. As the bi-annual license renewal for all pharmacy-related licensing occurred in June of this year and will not occur until June of 2006, further license renewal fee increases will not occur until then. As we progress toward that date, the board will work with the Division to adjust license fees to ensure coverage of board expenses.

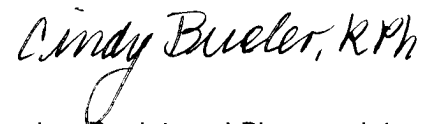
Recommendation No.2: The Division of Occupational Licensing should rescind the requirement to provide a photograph with each license application. As stated in your audit, photographs of pharmacist license applicants are required by the National Association of Boards of Pharmacy which serves as clearinghouse for granting and transferring of pharmacist licenses. (By transferring, I mean when pharmacists move from state-to-state and need their license to practice transferred to the new state.) Photographs serve as one part of the procedures to prevent fraud and thus protect public safety. The photographs come to us on the NABP report on each applicant. That said, I have communicated with our Division staff, and was told it would be possible to comply with your recommendation. Although keeping the photographs in a separate file would not be reasonably practical, it would be possible, for example, to cover the photo when photocopying and present the photocopies, only, to board members for voting for-or-against licensure. Therefore, it appears to me that the board can comply with your recommendation by not requiring a photo on our application, and by having Division staff present the NABP candidate reports to the board sans photos.

I have been very appreciative of our previous licensing examiner, Barbara Roche, who did a fantastic job for our board, and I am starting off with a very favorable impression of our new licensing examiner, Sher Zinn. These individuals truly make a big difference in how our board business is run, serving as intermediary between the state procedures, for those of us not as acquainted with them. They also make a big difference in smoothing the process of obtaining and renewing licenses, addressing complaints, and providing information to licensees and applicants.

Please allow me to say that I am impressed at the thorough and objective audit you presented; it is my first time to review and address such a document. Having served on our board for four years, I feel very strongly that our board operates with integrity and always with the public safety and interest in mind, that we try to work on timely and important issues to ever improve the practice arena of pharmacy, and that we try to operate efficiently. I feel that your recommendation that the board's termination date be extended is the correct one, and it is gratifying to have the value of our board recognized.

Thank-you.

Yours,



Cindy Bueler, Registered Pharmacist
Chairman, Board of Pharmacy