SJR 20: Prescription Drug Abuse
Funding Options for Prescription Drug Monitoring Programs

Prepared for the Children, Families, Health, and Human Services Interim Committee
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Background

In May, the Montana Medical Association proposed a "penny-per-pill" fee on prescription drugs as a way to fund the Montana Prescription Drug Registry. The registry is currently funded with federal grants and a $15 fee on health care providers who prescribe or dispense controlled substances. The fee will expire on July 1, 2015, unless the 2015 Legislature extends it.

This briefing paper provides information on the amount of money that a penny-per-pill fee might raise. It also outlines funding ideas that have been considered in some other states.

Prescriptions in Montana

Pinning down how many prescription pills are dispensed in Montana is difficult, as that number is not readily tracked.

However, IMS Health, a health care analytics firm, estimates that about 9.8 million prescriptions were filled for Montana patients in 2013. Of those, nearly 1.4 million were for controlled substances. The company used its database to project the numbers as part of its work on national prescription trends and provided the requested information to the Board of Pharmacy. The numbers include prescriptions written in Montana and filled by retail or mail-order pharmacies. They don't include prescriptions filled by hospitals or clinics.

A Per-Pill Fee

Prescriptions are written for a widely varying number of pills, depending on the strength of the medication, the number of days supplied, and the needs of the patients. In addition, some prescriptions are for liquid or injectable medications, rather than pills. So determining the number of pills that were dispensed through the 9.8 million prescriptions filled in 2013 — and the amount of money raised by a per-pill fee — can only involve educated guesses.

For example, if each prescription averaged 30 pills, a penny per pill for all types of medicine would have raised nearly $2.9 million. If the fee were only placed on narcotic drugs, it would have raised about $418,000.

Putting a per-pill or per-prescription fee in place also would involve several policy decisions, including how the fee would be collected and whether it would be passed through to patients.

Alternatives in Other States

The Prescription Drug Monitoring Program Training and Technical Assistance Center at Brandeis University held a Webinar on June 18, 2014, to showcase approaches three states have taken to secure new funding for their prescription drug registries. A common theme emerged during the Webinar: finding agreement on funding sources has been difficult and proposals for licensing fees run into opposition.

Efforts in the three states featured in the Webinar are summarized below.

- **Florida.** State law allows for the creation of a nonprofit entity that can accept grants and contributions to provide assistance, funding, and promotional support for the Florida registry. The Florida PDMP Foundation was set up as a nonprofit corporation in 2010 and has raised $2.6 million. Most of the money came from a nearly $2 million donation made this year by the Florida attorney general from a nationwide settlement with a drug company. Other contributions have come from law enforcement agencies, various associations and organizations, and private citizens. As a group, law enforcement has been the biggest contributor among those sources.

  The $2 million donation from the attorney general is expected to fund the program for the next four years. Other fund-raising activities are planned because the foundation was almost out of money when that donation came in.

- **Minnesota.** In advance of the 2010 legislative session, the Minnesota registry worked with health care licensing boards on a funding plan to take to the Legislature. They assumed that general fund would not be used and proposed to pay for the registry through licensing fees. When two licensing boards withdrew their support for that idea, the interested parties proposed that manufacturers, wholesalers, dispensers, and prescribers of controlled substances be required to register with the state. The proposed fee averaged $75 and would have raised $2.5 million for the drug registry, the registration program, and chemical dependency treatment.

  However, two groups representing health care providers objected to that plan. The Legislature ended up requiring six health care licensing boards to share the costs of the registry. Each board pays an amount that is based on the number of its licensees who prescribe or dispense controlled substances. The registry budget is $356,000 this fiscal year and $427,000 next fiscal year. To date, the boards have been able to pay their portions from their existing revenues. They have not raised licensing fees to cover the costs.

- **Washington.** Stakeholders in Washington analyzed a number of funding options when the state began looking at how to pay for its registry when federal grants ran out. The ideas ranged from seeking a $530,000 general fund appropriation to instituting a licensing fee of $11 or $12 a year, assessing a six-cent fee on prescriptions, requiring insurers or drug manufacturers to pay for the registry, or requiring a controlled substance registration of $15 a year for individuals and $415 a year for pharmacies and drug manufacturers and distributors. In the end, a 2012 bill would have required the registry to seek federal and private funding. If that funding fell short, the registry could then charge certain health professionals a fee of up to $15 a year.

  The 2012 bill failed. The registry then asked the governor to include funding in the executive budget. She did so, but stakeholders looked for alternatives during the 2014 session. They backed a successful bill to provide ongoing funding using the state's Medicaid Fraud Penalty Account, rather than general fund.