



## **Senate Medicaid Committee** **April 30, 2015**

### **Fiscal Year 2016-2017 Budget Testimony**

Steven W. Schierholt, Esq.  
Executive Director

Chairman Burke, Vice-Chair Manning, Ranking Member Cafaro and members of the Senate Medicaid Committee, thank you for the opportunity to provide testimony on the State of Ohio Board of Pharmacy's Fiscal Year 2016 & 2017 budget proposal.

My name is Steve Schierholt and I became the Executive Director of the Board on November 17, 2014. My career in law enforcement spans more than three decades and includes serving as a military police officer, deputy sheriff, Executive Director of the Ohio Peace Officer Training Commission, assisting prosecuting attorney and, most recently, Assistant Superintendent of the Ohio Bureau of Criminal Investigation.

Prior to providing an outline of our funding request, allow me to provide a brief overview of the Board and our on-going mission to protect the citizens of Ohio. The State of Ohio Board of Pharmacy was established by the Legislature in May of 1884 and consists of nine members, including 8 pharmacists, who are appointed by the Governor for terms of four years. The Board currently has a staff of fifty-seven employees, including 11 pharmacists, who are responsible for carrying out day-to-day operations. The duties of the Board have grown over the years and encompass the enforcement of the following chapters in the Ohio Revised Code:

- 2925. – Criminal Drug Laws
- 3715. – Pure Food and Drug Law
- 3719. – Controlled Substance Act
- 4729. – Pharmacy Practice Act & Dangerous Drug Distribution Act

In enforcing these chapters, the Board licenses and regulates more than 40,000 pharmacy professionals, including pharmacists and pharmacy interns, and sites where dangerous drugs are purchased and stored prior to delivery to a patient. The site licenses are issued by the Board as either a Terminal Distributor of Dangerous Drugs or a Wholesale Distributor of Dangerous Drugs. Terminal Distributor sites include, but are not limited to, retail pharmacies, hospitals, prescriber offices, veterinary clinics, nursing homes, prisons and jails, emergency medical squads, clinics, medical gas distributors and pain management clinics.



The Board had the following number of active licenses:

License Type	2007	2008	2009	2010	2011	2012	2013	2014
Registered Pharmacists	15,971	16,349	16,836	17,223	17,541	17,916	18,359	18,802
Pharmacy Interns	2,422	2,567	2,772	2,879	2,890	2,998	3,149	3,234
Terminal Distributors	13,864	15,073	15,292	16,338	16,657	16,883	17,511	17,782
Wholesale Distributors	1,440	1,497	1,511	1,570	1,656	1,660	1,693	1,736
Controlled Substance Wholesalers	552	577	584	591	609	615	623	647
<b>TOTALS</b>	<b>34,249</b>	<b>36,063</b>	<b>36,995</b>	<b>38,601</b>	<b>39,353</b>	<b>40,072</b>	<b>41,335</b>	<b>42,201</b>

The State of Ohio Board of Pharmacy is also charged with preventing, detecting and investigating the diversion of dangerous drugs, including controlled substances. The Board investigates and presents evidence of violations of federal or state drug laws by any person and refers them for prosecution (O.R.C. Chapter 2925.) and/or for administrative action. This includes investigations of physicians, nurses, dentists or other individuals that may not be licensed by the Board. Over the past seven years (January 2007-December 2014), agents of the Board of Pharmacy conducted investigations leading to the arrest of 871 individuals for violations of criminal drug laws.

The Board also operates Ohio's prescription drug monitoring program, known as the Ohio Automated Rx Reporting System (OARRS). Established in 2006, OARRS collects information on all prescriptions for controlled substances that are dispensed by pharmacies and personally furnished by licensed prescribers in Ohio. Drug wholesalers are also required to submit information on all controlled substances sold in Ohio. The data is reported every 24 hours and is maintained in a secure database. A breakdown of the data collected in 2014 can be found in the table below.

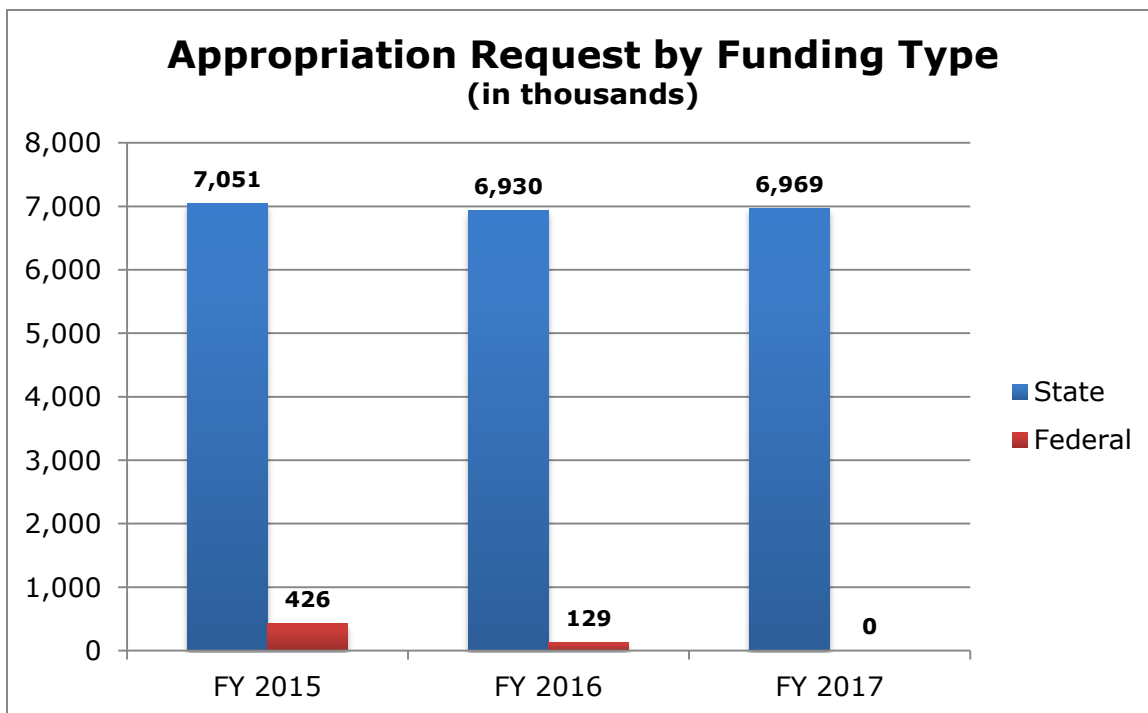
<b>OARRS AT-A-GLANCE</b>	
<b>Number of Prescriptions in OARRS for 2013-2014:</b>	49.4 million (1.4% decrease over 2012-2013)
<b>Number of Patients in OARRS for 2013-2014:</b>	6.0 million (10.4% decrease over 2012-2013)
<b>Number of Opioid Doses (Pills) Dispensed in 2014:</b>	788,220,137 (4.8% decrease over 2013)
<b>Number of OARRS Reports Requested in 2014:</b>	10.7 Million Requests in 2014 (3.4 Million more than 2013)

OARRS serves multiple functions, including: patient care tool; drug epidemic early warning system; and drug diversion and insurance fraud investigative tool. OARRS assists prescribers and pharmacists in avoiding potentially life-threatening drug interactions as well as identifying individuals fraudulently obtaining controlled substances from multiple health care providers, a practice commonly referred to as "doctor shopping." It can also be used by professional licensing boards to identify clinicians with patterns of

inappropriate prescribing and dispensing, and to assist law enforcement in cases of controlled substance diversion.

Since the beginning of OARRS, the State of Ohio Board of Pharmacy has been reviewing data within the system for questionable prescribing activity and is either opening cases or making referrals to law enforcement agencies or state regulatory boards. In 2014, Board staff issued 138 referrals for inappropriate prescribing and other suspicious prescription drug related activities based on information reported to OARRS.

For FY 2016, the Board’s requested appropriation totals \$7.1 million, a decrease of 5.6% from FY 2015. The recommended FY 2017 appropriation totals almost \$7.0 million, a decrease of 1.3% from the FY 2016 recommendation. These appropriation reductions are due to the spending down of existing federal grants and not the result of a reduction in state funding, which would remain flat over the biennium (see table below). In regards to the Board's federal funding, it is not uncommon for the Board to come before the Controlling Board to request appropriation increases if federal grant funding becomes available during the biennium. In fact, the Board is currently pursuing two federal grants that have the potential to secure close to one million dollars over the biennium to support further enhancements to OARRS.



The requested appropriation will allow the Board to meet the following priorities:

**1) Improving the Capacity and User Experience of the Ohio Automated Rx Reporting System (OARRS)**

OARRS provides a wealth of information to help pharmacists and prescribers make informed decisions about the health and safety of their patients. As such, the Board will

use its requested budget appropriation to improve the capacity and user experience of OARRS. The Board is currently working with the Department of Administrative Services to move OARRS to new servers located at a secure facility operated by the Ohio vendor that originally designed the system. This datacenter is equipped to provide internet access, air conditioning and power 24x7, with built-in redundancy to protect against service failures. While this movement will be completed prior to the start of FY 16, the funding requested will cover the continued maintenance costs for off-site servers.

Movement of the OARRS servers from the Board offices will provide the system with added stability in order to meet the increased demand for patient requests from the enactment Ohio HB 341 (130<sup>th</sup> General Assembly). This law change, which took effect at the start of this month, requires mandatory queries of the system prior to prescribing an opioid or a benzodiazepine. The passage of this legislation makes OARRS an essential part of providing clinical care to those receiving controlled substance medications.

In FY 16, the OARRS system will also undergo a software upgrade, commonly referred to as OARRS 2.0. By bundling off-site hosting services and the development of the OARRS 2.0 software with one vendor, the Board will experience significant savings. The new version of the system will include enhanced features to improve the overall user experience but will still allow the Board's in-house technology team to customize the system to meet the unique needs of Ohio users. Movement of the servers off-site will also allow the vendor to update the system as new upgrades become available. OARRS 2.0 should be in operation by the end of 2015.

The Board will also continue its efforts to promote integration of OARRS into electronic medical records (EMR). This will allow clinicians the ability to log-in to their EMR and directly access information in OARRS, without having to sign-on to another system. To date, the process of requesting a report has been integrated into 23 hospital admission systems and 6 private practices. In addition, OARRS is currently working to integrate with electronic systems in two retail pharmacy chains and 3 major Ohio hospital systems.

Over the biennium, OARRS will also complete a pilot integration program with one of Ohio's largest health information exchanges, CliniSync. This pilot, targeted towards primary care and family physicians that utilize CliniSync's system, will provide instant access to a patient's OARRS prescription history report.

## **2) Enhance the Efficiency of Inspections, Investigations and Administrative Prosecutions**

The Board will utilize its requested appropriation to enhance its efforts to provide regulatory oversight and adherence to Ohio's drug laws. These efforts include the development of an improved version of its computerized inspections program. This will include standardized fields for compliance staff when conducting inspections of sites where dangerous drugs are stored. Such an improvement will lead to greater consistency and efficiency of inspections and allow our specialists and agents to keep up with increased demand for investigations.

In addition to the deployment of a new inspections program, the Board will continue efforts to break down silos in order to improve the coordination of investigations between the Board, state regulatory agencies and law enforcement. Such efforts include regular meetings between all health care regulatory boards, training of law enforcement in conducting pharmaceutical diversion investigations and continued promotion of the Shared Prescription Investigation Deconfliction Resource, also known as SPIDR. SPIDR, developed by the Board's in-house IT staff, is designed to prevent overlapping investigations of pharmaceutical drug violations. Access is limited to law enforcement agencies and administrative agencies that regulate prescribers. The tool is offered at no cost to partner agencies.

The Board will also continue to maintain a timely and successful execution of administrative prosecutions. We recently hired an attorney solely dedicated to overseeing this process. This new staff member will improve the timeliness in which the Board can hold administrative hearings on potential violations of law in order to protect the health and well-being of Ohioans.

### **3) Clear and Consistent Regulation and Education of Licensees**

The Board will continue its efforts to provide clear and consistent regulation and education to its licensees. To achieve this goal, the Board's requested appropriation will allow the hiring of an outreach and education coordinator. This position will coordinate additional training and education to licensees and ensure consistent guidance regarding Ohio laws and regulations.

In addition to the hiring of an outreach and education coordinator, the Board will also continue its successful roundtable educational events for licensees. These in-person presentations by the Board's compliance staff provide a general overview of the responsibilities that licensees have under the law and allows them the opportunity to ask questions. Due to the overwhelming popularity of these events in 2014, the Board has plans to hold additional trainings in 2015 at various locations throughout Ohio. In addition, we are also exploring the option of live-streaming the roundtables to provide greater access to licensees.

In closing, the State of Ohio Board of Pharmacy is committed to working with Governor Kasich and the General Assembly in our efforts to effectively and efficiently regulate the practice of pharmacy and enforce the drug laws of the State of Ohio. Our budget request reflects an agency that is committed to continuous quality improvement, clear and consistent regulation and safeguarding the citizens of Ohio against drug abuse and diversion that is plaguing our communities.

Chairman Burke and members of the committee, thank you again for the opportunity to testify. I would welcome any questions you might have at this time.