



## **HB 166 Testimony – Steven W. Schierholt, Executive Director**

*May 2, 2019*

Chair Hackett, Vice Chair Huffman, Ranking Member Thomas and members of the Senate Finance Subcommittee on Health and Medicaid, thank you for the opportunity to provide testimony on the State of Ohio Board of Pharmacy's Fiscal Year (FY) 2020 & 2021 budget proposal. My name is Steve Schierholt and I serve as the Executive Director of the Board.

The 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 92 employees who are responsible for carrying out day-to-day operations. The duties of the Board have grown over the years to encompass the enforcement of six chapters of the Ohio Revised Code (2925. – Criminal Drug Laws, 3715. – Pure Food and Drug Law, 3719. – Controlled Substance Act, 3796. – Medical Marijuana Control Program, 4729. – Pharmacy Practice Act & Dangerous Drug Distribution Act, and 4752. – Home Medical Services).

In enforcing these chapters, the Board licenses and regulates more than 72,000 pharmacists, pharmacy interns, technicians and sites where prescription drugs and medical equipment are purchased and stored prior to delivery to a patient. Examples of sites licensed by the Board include: retail pharmacies, wholesalers, manufacturers, prescriber offices, home medical equipment service providers, nursing homes, prisons and jails, and emergency medical service organizations.

Over the biennium, the Board has prioritized the inspections of our licensed sites, particularly those which have the greatest potential to cause harm to the public. As a result, the number of Board inspections increased by 97 percent from 1,161 in 2016 to 2,284 in 2018.

The 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 state drug laws by any person and refers them for criminal prosecution and/or administrative action. In performing this duty, Board staff investigate physicians, nurses, dentists or other individuals that may not be licensed by the agency. In 2018, approximately 24 percent of the 2,163 cases investigated by the Board involved healthcare professionals other than pharmacists who may have violated Ohio law. For example, the Board recently secured the conviction of a physician who was indicted on 29 felony counts, including drug trafficking, illegal processing of drug documents, and workers' compensation fraud.

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, and two non-controlled drugs, that are dispensed by pharmacies and



personally furnished by licensed prescribers in Ohio. Drug wholesalers are also required to submit information on all drugs sold in the state. The data is reported every 24 hours and is maintained in a secure database.

OARRS is a vital tool in Ohio's efforts to combat prescription drug abuse. Use of the system continues to increase at record rates thanks to the Board's efforts to promote the integration of OARRS into electronic health records and pharmacy dispensing systems. Since implementing the first statewide integration program in the nation, we have onboarded a significant number of health systems, clinics and pharmacies throughout the state. Because of these efforts, more than 41,000 pharmacists and prescribers have instant access to OARRS as part of their workflow and the system averages nearly 600,000 patient requests per weekday.

Integration is available at no-cost to any prescriber or pharmacy in the state. This is due to federal funding for health information technology provided by the Centers for Medicare and Medicaid Services (CMS). This funding represents most of the Board's federal appropriation request in FY 20 & 21.

Data from OARRS also plays an invaluable role in protecting the health and well-being of Ohioans, including:

**Identifying aberrant healthcare providers** - Dedicated Board staff use OARRS data to identify and investigate healthcare professionals who may be engaged in criminal activity. Such efforts have led to criminal indictments, convictions and administrative actions. For example, data from OARRS was utilized by the Board to identify and investigate a physician in Southwest Ohio who was prescribing high quantities of opioid medications for no legitimate medical use. After a coordinated investigation with state and federal partners, the physician was indicted last year by a federal grand jury on 114 criminal counts.

**Identifying those who may need help** - The Board recently implemented a pre-criminal intervention program that uses OARRS data to identify individuals who may be exhibiting signs of substance use disorder. Once identified, specially trained Board agents engage these individuals to connect them with appropriate drug treatment and other support services.

**Assisting prescriber regulatory boards with enforcement of Ohio law** - The Board regularly provides reports to Ohio's prescriber regulatory boards to assist in compliance with laws requiring the use of OARRS and the prescribing of opioids and other controlled substances.

**Driving policy decisions** - Through collaborative efforts with other state agencies, OARRS data is used to develop new policies and initiatives. For example, data from the system was used to develop common-sense prescribing limits as part Ohio's rules governing the use of opioids for the treatment of acute pain.

Ohio continues to be a leader in leveraging technological resources to identify and stop sources of prescription drug diversion. Earlier this year, the Board of Pharmacy became the first agency in the country to develop an online system to report the theft or loss of drugs by our licensees. Prior to the implementation of this system, licensees could notify the Board of a theft or significant loss of

prescription drugs via fax, email, mail, or by telephone. With this new system, there is one centralized reporting mechanism that automatically alerts our investigators to a theft or loss.

In February, the Board finalized the most comprehensive rules in the country for the reporting of suspicious orders by drug wholesalers. The rules not only require wholesalers to report suspicious orders but also require a thorough review of customer information prior to sale as well as the reporting of suspicious customers. To coincide with these new rules, the Board developed the nation's first electronic suspicious order monitoring system. This system, developed in-house, collects all information on suspicious orders and customers to allow our Compliance Department to quickly identify and investigate potential bad actors operating within the state.

For FY 20, the Board's proposed appropriation is \$17.3 million, an increase of 9.3 percent from FY 19. The FY 21 appropriation totals \$17.1 million, a 1.2 percent decrease from FY 20. Please be aware that this appropriation is entirely funded through a combination of licensure fees and federal funding. No GRF funds will be used to meet the proposed funding levels.

This budget appropriation will allow the Board to continue its mission to safely regulate the practice of pharmacy, investigate violations of Ohio law, and ensure the safe distribution of prescription drugs and medical devices. It will also allow for the continued implementation of the Ohio Medical Marijuana Control Program.

As one of three agencies charged with the operation of the Ohio Medical Marijuana Program, the Board of Pharmacy is responsible for the licensing of dispensaries and dispensary employees, operation of the toll-free patient hotline, coordination of the Medical Marijuana Advisory Committee, and the registration of patients and caregivers. The program is entirely supported by licensing fees that are paid into a fund shared by the Board and the Department of Commerce. The ongoing implementation of the program is the primary driver of the overall increase in the Board's non-federal appropriation request in FY 20.

In closing, the State of Ohio Board of Pharmacy is committed to working with Governor DeWine and the General Assembly in our efforts to protect the health and safety of all Ohioans. While encouraged by the reduction in opioid prescribing and prescription opioid-related deaths, we also recognize that continued progress can only occur if we remain vigilant in our efforts to stop the diversion of prescription opioids and promote responsible prescribing. Therefore, I respectfully ask for your support of our budget request as proposed.

Chair Hackett and members of the subcommittee, thank you again for the opportunity to testify. I would welcome any questions you might have at this time.