

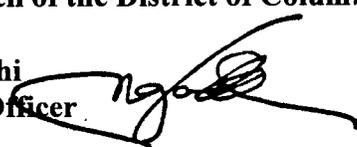
**Government of the District of Columbia  
Office of the Chief Financial Officer**



**Natwar M. Gandhi**  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Vincent C. Gray  
Chairman, Council of the District of Columbia

**FROM:** Natwar M. Gandhi  
Chief Financial Officer 

**DATE:** October 19, 2009

**SUBJECT:** Fiscal Impact Statement: "Unused Pharmaceutical Safe Disposal Act of 2009"

**REFERENCE:** Bill 18-239, Draft Committee Print shared with OCFO on Oct. 13, 2009

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*This revised Fiscal Impact Statement reflects the changes made in the Committee Print, and it replaces the Fiscal Impact Statement issued by the OCFO on Oct. 2, 2009.*

**Conclusion**

Funds are sufficient in the FY 2010 through FY 2013 budget and financial plan to implement the provisions of the proposed legislation.

**Background**

The proposed legislation would require the Board of Pharmacy to design a public education campaign concerning the disposal of unused pharmaceuticals and retail pharmacies to implement the campaign. It would also require the Board of Pharmacy to make recommendations to the Mayor regarding the establishment of an unused pharmaceutical disposal program for consumers and would authorize, but not obligate, the Mayor to establish and implement a mail-in pharmaceutical return program that would: a) provide District residents with prepaid mailing envelopes in which to return their unused pharmaceuticals, including controlled substances; b) distribute these envelopes to all retail pharmacies, as well as other various locations; and c) arrange for the safe disposal of the collected pharmaceuticals. Lastly, the proposed legislation would prohibit health care facilities from disposing of any pharmaceutical products via the public sewer system and would impose a civil fine for noncompliance.

### **Financial Plan Impact**

Funds are sufficient in the FY 2010 through FY 2013 budget and financial plan to implement the provisions of the proposed legislation. The Board of Pharmacy could absorb any costs associated with designing a public education campaign and making recommendations for an unused pharmaceutical disposal program within their existing budget. Since the proposed legislation only *authorizes* and does not *require* the Mayor to implement a mail-in pharmaceutical return program there is no cost associated with that provision of the bill.

The appendix to this Fiscal Impact Statement provides an estimate of what these costs might be, should the Mayor implement this program.

## Appendix

The estimated cost for implementing a mail-in pharmaceutical program would be approximately \$170,000 in Year 1 and \$799,000 over a four-year period. In order to determine the specific costs for implementing and running such a program, the analysis relied heavily on the operation and line item budget for the Safe Medicine Disposal for Maine<sup>1</sup>, the only mail-in pharmaceutical program in the United States.<sup>2</sup> In Maine, all unused pharmaceuticals are sent to the Maine DEA where they are sorted: the controlled substances<sup>3</sup> are destroyed locally with witnesses present and the noncontrolled substances are sent off to a hazardous waste facility for destruction.

In order to determine the quantity of unused pharmaceuticals in the District of Columbia, the analysis used a number of sources. First, the pharmaceutical industry estimates that about 3 percent of prescribed drugs are unused and disposed of via the trash or sewer.<sup>4</sup> Of those unused drugs, 66 percent are estimated to be for individual use, while the remaining 34 percent are for long-term care facilities. Second, the Kaiser Family Foundation provides data on the number of prescriptions filled in D.C. at retail pharmacies and via mail-order.<sup>5</sup> Using all this information, it is estimated that there would be approximately 114,000 unused prescriptions for *individual* use in the District in 2010. Individual use is the focus of this analysis, as this is the target of the Program; health care facilities would be responsible for disposing of their unused pharmaceuticals in an appropriate manner.

<b>Estimated Cost for Unused Pharmaceutical Safe Disposal Program</b>					
	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Four-Year Total</b>
Envelopes and Assembly <sup>1</sup>	\$17,126	\$29,200	\$23,608	\$24,316	\$94,251
Marketing and User Support <sup>2</sup>	\$5,000	\$5,000	\$2,500	\$2,500	\$15,000
Postage and Fees <sup>3</sup>	\$18,765	\$37,675	\$38,777	\$39,913	\$135,130
Disposal <sup>4</sup>	\$34,272	\$69,400	\$70,282	\$71,190	\$245,144
Program Staff <sup>5</sup>	\$94,500	\$81,000	\$67,500	\$66,400	\$309,400
<b>Total Cost</b>	<b>\$169,663</b>	<b>\$222,275</b>	<b>\$202,667</b>	<b>\$204,320</b>	<b>\$798,924</b>

<sup>1</sup> See <http://www.safemeddisposal.com> for more information on Maine's program.

<sup>2</sup> The Office of Revenue Analysis (ORA) was given the line-by-line budget for FY 2010 through FY 2012 for the Safe Medicine Disposal for Maine program by the University of Maine Center on Aging which oversees the administration and coordination of the program. ORA also used other research on pharmaceutical return programs, including "The Oregon Pharmaceutical Take Back Stakeholder Group Final Report," July 2007.

<sup>3</sup> The federal Controlled Substances Act specifies that the lawful owner of a prescription medication (both controlled and noncontrolled) is allowed to mail his medication, but only to an entity registered with the Drug Enforcement Administration (DEA) or one that is exempt from registration, such as a law enforcement agency. In addition, DEA regulations concerning the destruction of controlled substances require that at least two people witness the incineration (generally referred to as a "witnessed burn") and that the destruction be carried out by a entity exempt from statutory registration or one that has registered with the DEA. Ten percent of all returned drugs in Maine have been controlled substances. Noncontrolled substances do not have such requirements and can be destroyed by a hazardous waste company.

<sup>4</sup> Buzby, Mary E. 2007. Pharmaceuticals in the Environment: PhRMA PIE Perspective [Presentation], May 22 2007 [cited May 30 2007]. Available from [http://www.dtsc.ca.gov/AssessingRisk/PPCP/upload/04\\_Buzby.pdf](http://www.dtsc.ca.gov/AssessingRisk/PPCP/upload/04_Buzby.pdf).

<sup>5</sup> According to industry statistics reported by The National Association of Chain Drug Stores and published by The Kaiser Family Foundation (<http://statehealthfacts.org>), there were 5,094,063 prescriptions filled at pharmacies in D.C. in 2008. Retail prescriptions filled by mail order totaled another 6.7 percent. A growth rate of 3 percent per year was used to project prescriptions for 2010 through 2013.

Assumptions:

- On average, people would return 2 prescriptions per envelope.
- 0.5 pounds of unused pharmaceuticals would be returned per envelope
- 25 percent of all available envelopes would be returned.
- At the end of each year, there would be an inventory of remaining envelopes.
- In FY 2010 only half of the number of envelopes needed to cover all unused individual pharmaceuticals would be distributed so that the Program could be adjusted accordingly in the out years.

Table Notes:

<sup>1</sup> Cost of buying the envelopes, printing instructions and inserting them in the envelopes

<sup>2</sup> Retail pharmacies would be required to implement a public education campaign; however a minimal amount of funds is still included for any government marketing costs.

<sup>3</sup> Postage is only paid on returned envelopes.

<sup>4</sup> Cost of DEA/DEA-exempt agency time to witness and destroy noncontrolled substances, and sort noncontrolled substances from controlled; and for noncontrolled to be shipped out to a hazardous facility and destroyed.

<sup>5</sup> Cost for a part-time Program Analyst and a Staff Assistant. Their hours would diminish over time due to declining program and administrative needs after the first two years.