


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



Jeffrey S. DeWitt
Chief Financial Officer

MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Jeffrey S. DeWitt
Chief Financial Officer 

DATE: November 14, 2018

SUBJECT: Fiscal Impact State- Safe Disposal of Pharmaceuticals Amendment Act of 2018

REFERENCE: Bill 22-228, Committee Print as shared with the Office of Revenue Analysis on October 19, 2018

Conclusion

Funds are not sufficient in the fiscal year 2019 through 2022 budget and financial plan to implement the bill. The bill will cost \$1.02 million in fiscal year 2019 and \$2.6 million over the four-year financial plan.

Background

The bill establishes¹ a safe drop-box program for unused pharmaceuticals at law enforcement agencies, retail pharmacies,² and hospitals with on-site pharmacies. The Department of Health (DOH) will administer the cost-free program to safely dispose of and destroy unused controlled substances. The Deputy Mayor of Public Safety and Justice must determine which Metropolitan Police Department (MPD) or Fire and Emergency Medical Services (FEMS) locations will serve as an authorized collector.

DOH is required to install drop-boxes at authorized collectors. Drop-boxes must be securely placed and maintained.³ The agency is required to seek additional funding for the installation of drop-boxes, such as federal or private grants. DOH must maintain a list of acceptable disposal locations for unused controlled substances on its website and provide information on safe consumer disposal of unused controlled substances. DOH must coordinate with law enforcement agencies, hospitals with an on-

¹ By amending The Unused Pharmaceutical Safe Disposal Act of 2009, effective March 5, 2010 (D.C. Law 18-112; D.C. Official Code § 48-851.01 et seq.)

² Registered with the Drug Enforcement Administration of the United States Department of Justice pursuant to 21 C.F.R § 1317.4(a).

³ Pursuant to 21 C.F.R §1317.75(d) and (e).

The Honorable Phil Mendelson

FIS: "Safe Disposal of Pharmaceuticals Amendment Act of 2018," Bill 22-228, Committee Print as shared with the Office of Revenue Analysis on October 19, 2018

site pharmacy, and retail pharmacies that operate as authorized collectors regarding plans for disposal and destruction of the contents of the drop-boxes.

All pharmacies in the District shall distribute to consumers educational materials addressing safe consumer disposal of unused controlled substances that they provide. An authorized collector may opt to use a drop-box not provided by DOH. An authorized collector with an existing drop-box may convert to a drop-box provided by DOH through an application process established by the Department.

Financial Plan Impact

Funds are not sufficient in the fiscal year 2019 through 2022 budget and financial plan to implement the bill. The bill will cost \$1.02 million in fiscal year 2019 and \$2.6 million over the four-year financial plan.

DOH must hire a licensing supervisor and a licensing assistant to manage the drop-box program at 170 pharmacy locations, seven police stations and 33 fire stations. The salary and benefits costs for these two full-time employees are \$159,000 in fiscal year 2019 and \$664,000 over the four-year financial plan.

DOH will also need additional funds to enter into a contract with a vendor to implement the pharmaceutical drop-box program. This vendor will be responsible for procuring secure drop-boxes and installing them at 210 locations in the District. The vendor will also provide educational materials to distribute to consumers at each location. In addition to the drop-box, each participating pharmacy, police station, and fire station will receive drop-box liners that double as tamper-resistant, prepaid shipping containers. Once full of discarded pharmaceuticals, these liners are shipped back to the vendor where the contents are incinerated. DOH estimates that a contract with a pharmaceutical drop-box vendor will cost \$864,000 in fiscal year 2019 and \$1.93 million over the four-year financial plan.

Bill 22-228 Safe Disposal of Pharmaceuticals Amendment Act of 2018					
Total Fiscal Impact					
	FY 2019	FY 2020	FY 2021	FY 2022	Total
DOH Salary and Fringe ^(a)	\$159,000	\$164,000	\$168,000	\$174,000	\$664,000
Drop-Box Disposal Bin ^(b)	\$543,000	\$13,000	\$13,000	\$14,000	\$583,000
Waste Shipping and Destruction ^(c)	\$321,000	\$335,000	\$342,000	\$350,000	\$1,349,000
Total Vendor Contract	\$864,000	\$347,000	\$355,000	\$364,000	\$1,930,000
Total Cost	\$1,023,000	\$511,000	\$524,000	\$537,000	\$2,596,000

Table Notes:

- a) Assumes one Grade-12, Step-1 Supervisory Program Specialist, one Grade-7, Step-5 Licensing Assistant, and a fringe rate of 21.7 percent. Assumes 3 percent growth to account for salary step increases.
- b) Assumes one-time cost of procuring 210 drop-box disposal bins in fiscal year 2019 and assumes five new drop-box locations will be added in fiscal years 2020 through 2022. Assumes \$200 installation fee per location.
- c) Assumes eight drop-box liners per location each year and cost growth of 1.75 percent each fiscal year.