

Testimony concerning Sub HB 2331
Senate Committee on Ways and Means
Presented by Alexandra Blasi, Executive Secretary
On behalf of
The Kansas State Board of Pharmacy
March 24, 2017

Madam Chair and Members of the Committee:

The Kansas State Board of Pharmacy appreciates the opportunity to provide this neutral testimony regarding Substitute for House Bill 2331. The mission of the Board is to ensure that all persons and entities conducting business relating to the practice of pharmacy in Kansas are properly licensed and registered. The Board licenses and registers approximately 6,000 pharmacists, 8,000 pharmacy technicians, and 5,600 pharmacies and facilities in and outside of Kansas. The Board's duties also include conducting regular facility inspections, processing changes and renewals, and investigating all complaints. Expenses of the Board are met solely through our special revenue fund, generated by assessing fees for new applications, annual renewals, late and change fees. Of course, our expenditures are also subject to the appropriations granted by the legislature, including the Senate Committee on Ways and Means, and all increases to fee caps must be done through legislation.

The Board recognizes that HB 2331 is the direct result of two bills, which were combined in the House. First, HB 2331 (original recipe) aims to establish and increase IT security measures for the state. The Board supports this aspect of the legislation and strives to meet all state and industry standards. Though the Board believes our systems currently meet such standards, we intend to maintain compliance with state rules and policies, including mandates from this bill. Similarly, the Board strives to provide enhanced customer service and ease of access to our licensees, recently implementing a new licensing system customized for Boards of Pharmacy, and contracting with the vendor Appriss to provide the Kansas Prescription Drug Monitoring Program.

The second component of Substitute for HB 2331, which begins in New Section 9, relates to the formation of the Kansas Information Technology Enterprise (KITE) and grants broad, sweeping authority to the CITO to direct and utilize IT resources of all executive branch agencies, including funds and personnel. The House amended this bill to include a two-phase roll-out. However, after meeting with the CITO, the Board still has the following concerns:

- **Special Revenue Fund:** Any control or sweeping of special revenue funds by the CITO does not provide accountability and fails to uphold the integrity of these funds, which should be specific to Board initiatives and our statutory duties and functions. It would be inappropriate for such funds to be used for an IT project for another state agency or another purpose entirely. These are not taxpayer dollars and not part of the state general fund.
- **IT Project Prioritization and Board Authority:** The Board is concerned that projects vital to our statutory functions or day-to-day operations may not be prioritized compared to larger agencies or may not be considered necessary projects by the CITO. By taking the control away

from the Board and our strategic plan, we will be subject to the will of an individual that does not have experience or expertise in our agency's operations or unique project requirements like the Kansas Prescription Drug Monitoring Program. It is notable that there is no language in HB 2331 preventing executive branch agencies for opting into the KITE consolidation, or from participating in an efficiency or economy of scale gained by the enterprise. Certainly, the Board may want to participate in a particular contract or service after the opportunity to carefully evaluate and analyze. It is unclear how this is any different than the status quo. However, a mandate that benefits the majority would likely fall short of serving the best interests of our licensees and Kansas consumers that rely on our systems for their health and safety.

- **Plan of Action:** Despite repeated inquiries, a specific plan for how the KITE will function for our small agencies has yet to be provided. The Board is still asking: what will it cost, how and where will services be rendered, what changes should be anticipated, how will the KITE be measured for effectiveness or service improvement for our agency, how will IT projects be reviewed/approved/appealed, and so many other questions. If there are agencies that have failed or refused to comply with modern standards or statewide upgrades, the Board submits that policies and procedures could be implemented to mitigate these issues, including penalties for continued noncompliance. Regardless, the Board finds the "we'll figure it out" approach lacking.
- **Costs:** The Board currently pays for all services provided to our agency by the Office of Information Technology Services, including IT support, phones and service, wireless and network connections, email, virtual private networks, etc. The Board does not expect services to be provided for free and is willing to pay our fair share, but expects costs to be transparent and predictable for purposes of budgeting and requesting expenditure authority.

The Board encourages an amendment that would provide for an independent Legislative Post Audit after the cabinet level agencies complete this transition, to provide insight into best practices and any successes or failures that occurred. From there, the legislature can review the findings and make necessary recommendations for next steps regarding other executive branch agencies. In addition, the Board asks that you create a provision that prevents the CITO from sweeping any funds or personnel the Board deems essential to agency functions.

The Board appreciates your careful consideration of these points.

Respectfully submitted,

Alexandra Blasi, JD, MBA
Executive Secretary