

**CALIFORNIA DEPARTMENT OF JUSTICE**

**TITLE 11. LAW  
DIVISION 1. ATTORNEY GENERAL  
CHAPTER 8.5. CONTROLLED SUBSTANCE UTILIZATION REVIEW AND  
EVALUATION SYSTEM (CURES)**

**ECONOMIC IMPACT STATEMENT  
ATTACHMENT 1**

**A. Estimated Private Sector Cost Impacts**

Estimated economic impacts were calculated by conducting outreach with affected stakeholders to determine the scale of projected impacts. Where relevant and appropriate, the Department of Justice (Department) analyzed instances of prior stakeholder engagement and recent historical data and trends to determine projected economic impacts that businesses or individuals may incur to comply with this regulation. For example, the Department conducted outreach with Health Information Technology (HIT) Systems in order to determine the estimated economic impact, in the form of time and resources, which a HIT System may incur to comply with this regulation. Furthermore, costs that a California Licensee, such as a Prescriber, Pharmacist, or Non-DEA Practitioner, may incur to comply with this regulation for the first year are estimated for each individual, as opposed to each individual's respective business. This helps differentiate the costs that a HIT Systems or California licensee may incur to comply with this regulation. This regulation results in a nominal economic impact to Out-of-State Prescribers and Out-of-State Pharmacists, which was excluded because it strictly impacted out-of-state businesses and individuals.

**B. Estimated Costs**

The estimated costs for small businesses, typical businesses, and individuals, are based on the costs that all expected businesses or individuals may incur to comply with this regulation.

*Estimated Costs to HIT Systems*

The Department currently has 41 HIT System businesses connected to the Information Exchange Web Service (IEWS); however, for cost estimating purposes, the Department has rounded that number to 50.

For each HIT System business that would need to make system updates in order to continue to be connected to the IEWS, the Department anticipates that it would take as few as 20 hours and as many as 76 hours to make the additional changes necessary to meet the Department's revised technology requirements. The Department determined the average salary of a Web Services Engineer to be \$108,987, or \$54.49 hourly. As such, the Department estimates that HIT Systems would incur costs of approximately \$54,500 to \$207,100.

The Department further determined that 47.3% of HIT Systems economic impacts would be to small businesses and 52.7% of economic impacts would be to typical businesses. In order to calculate the low range of costs that could be incurred by small business HIT Systems as a result of the regulation, the Department added the low range estimate (\$54,500) to determine the total cost to HIT Systems, multiplied that total by 47.3%, then divided that total by the estimated number of small businesses (24 Hit Systems (47.3%) of the 50 estimated HIT Systems). The same formula was applied to the high range of small business HIT Systems and both the low and high range of costs for typical business HIT Systems. See Figure 1 below for a breakdown of those costs estimates.

**FIGURE 1 – ESTIMATED COSTS TO HIT SYSTEMS**

<b>Costs for a Small Business</b>		
	<u>Number of Businesses</u>	<u>Total Cost for a Business</u>
Health Information Technology Systems	24	\$1,074 – \$4,082
<b>Costs for a Typical Business</b>		
	<u>Number of Businesses</u>	<u>Total Cost for a Business</u>
Health Information Technology Systems	26	\$1,105 – \$4,198
<b>TOTAL BUSINESSES</b>		
	<u>Number of Businesses</u>	
	50	
<b>TOTAL COST</b>		
		<u>Total Cost</u>
		\$54,500 – \$207,100

*Initial Estimated Costs to Prescribers and Non-DEA Practitioners*

The Department estimates that as few as 55,107 and as many as 110,213 prescribers/practitioners would enter into Delegate Agreements each year. For each Prescriber/Non-DEA Practitioner who enters into a Delegate Agreement, there would be a corresponding Delegate. Furthermore, the Department believes many medical practices will have a Medical Practice Administrator assist the Prescriber/Non-DEA Practitioner in drafting the Delegate Agreement. If a Medical Practice Administrator assists a Prescriber/Non-DEA Practitioner with completion of a Delegate Agreement, it will decrease the estimated total cost impact to the Prescriber/Non-DEA Practitioner because the Medical Practice Administrator will perform a portion of work that the Prescriber/Non-DEA Practitioner would otherwise perform, and the Medical Practice Administrator does so at a reduced hourly cost. Because the Prescriber/Non-DEA Practitioner, the Delegate, and, if applicable, the Medical Practice Administrator each play a role in completing the Delegate Agreement, the Department separately estimated the amount of time needed by each to complete the Delegate Agreement. Lastly, the Department believes a Delegate will primarily be classified as a medical assistant. The Department determined the average salary of a Prescriber/Non-DEA Practitioner to be \$147,478, or \$73.74 hourly. The Department arrived at this estimate by averaging the salaries of physicians and surgeons, optometrists, dentists, veterinarians, physician assistants, registered nurses, and nurse practitioners, and

determined the average salary of a medical assistant to be \$40,348, or \$20.17 hourly, and the average salary of a Medical Practice Administrator to be \$88,043, or \$44.02 hourly.

Because medical practices vary broadly, the Department determined for the low economic impact basis that a Prescriber/Non-DEA Practitioner, Delegate, and Medical Practice Administrator would be needed to complete the Delegate Agreement. As the basis for estimating the high economic impact, only a Prescriber/Non-DEA Practitioner and Delegate would be needed to complete the Delegate Agreement. The Department made this determination because not all medical practices may have Medical Practice Administrators available to draft the Delegate Agreement, which would in turn require additional time from the Prescriber/Non-DEA Practitioner to complete the Delegate Agreement.

First, the Department determined that a Prescriber/Non-DEA Practitioner could take half an hour to an hour to complete each Delegate Agreement, for a total of \$36.87 to \$73.74 per Delegate Agreement. Second, the Department determined that each Delegate could complete a Delegate Agreement in half an hour, for a total of \$10.09 per Delegate Agreement. Third, the Department determined that if a Medical Practice Administrator assists the Prescriber/Non-DEA Practitioner with the preparation of the Delegate Agreement, it could take a Medical Practice Administrator half an hour to assist in the completion of each Delegate Agreement, for a total of \$22.01 per Delegate Agreement. For each half an hour that a Medical Practice Administrator spends completing a Delegate Agreement, an equal amount of time is deducted from the total time a Prescriber/Practitioner would spend completing the Delegate Agreement. When totaled, each Delegate Agreement costs \$68.97 to \$83.83. Estimating that it would receive a total of 55,107 to 110,213 Delegate Agreements, the Department approximates the total cost of establishing Delegate Agreements would be \$3,800,730 to \$9,239,156. See Figure 2 below for a breakdown of those costs estimates.

**FIGURE 2 – INITIAL ESTIMATED COSTS TO PRESCRIBERS/NON-DEA PRACTITIONERS**

<b>Initial Costs for an Individual</b>		
	<u>Number of Individuals</u>	<u>Total Cost for an Individual</u>
Prescriber/Practitioner	55,107 – 110,213	\$36.87 – \$73.74
Delegate	55,107 – 110,213	\$10.09
Medical Practice Administrator	55,107 – 0*	\$22.01 – \$0.00*
<b>TOTAL INDIVIDUALS</b>		
	<u>Number of Individuals</u>	
	165,321 – 220,426	
<b>TOTAL COST</b>		
		<u>Total Cost</u>
		\$3,800,730 – \$9,239,156

\*The high/low figures in the range are reversed because greater participation by Medical Practice Administrators is associated with the lower total cost range at the bottom of Figure 2. This is

because the Medical Practice Administrator performs work that the Prescriber/Practitioner would otherwise perform, and the Medical Practice Administrator does so at a reduced hourly cost.

*Initial Estimated Costs to Pharmacists*

The Department estimates that as few as 11,711 and as many as 23,421 Pharmacists would enter into Delegate Agreements each year. For each Pharmacist who enters into a Delegate Agreement, there would be a corresponding Delegate. Furthermore, the Department believes many medical practices will have a Medical Practice Administrator assist the Pharmacist in drafting the Delegate Agreement. If a Medical Practice Administrator assists a Pharmacist with completion of a Delegate Agreement, it will decrease the estimated total cost impact to the Pharmacist because the Medical Practice Administrator will perform a portion of work that the Pharmacist would otherwise perform, and the Medical Practice Administrator does so at a reduced hourly cost. Because the Pharmacist, the Delegate, and, if applicable, the Medical Practice Administrator each play a role in completing the Delegate Agreement, the Department separately estimated the amount of time needed by each to complete the Delegate Agreement. The Department determined the average salary of a Pharmacist to be \$126,839, or \$63.42 hourly.

Because medical practices vary broadly, the Department determined for the low economic impact basis that a Pharmacist, Delegate, and Medical Practice Administrator, would be needed to complete the Delegate Agreement. As the basis for estimating the high economic impact, only a Pharmacist and Delegate would be needed to complete the Delegate Agreement. The Department made this determination because not all medical practices may have Medical Practice Administrators available to draft the Delegate Agreement, which would in turn requires additional time from the Pharmacist to complete the Delegate Agreement.

First, the Department determined that a Pharmacist could take half an hour to an hour to complete each Delegate Agreement, for a total of \$31.71 to \$63.42 per Delegate Agreement. Second, the Department determined that a delegate could complete a Delegate Agreement in half an hour, for a total of \$10.09 per Delegate Agreement. Third, the Department determined that if a Medical Practice Administrator assists the Pharmacist with the preparation of the Delegate Agreement, it could take a Medical Practice Administrator half an hour to assist in the completion of each Delegate Agreement, for a total of \$22.01 per Delegate Agreement. For each half an hour that a Medical Practice Administrator spends completing a Delegate Agreement, an equal amount of time is deducted from the total time a Pharmacist would spend completing the Delegate Agreement. When totaled, each Delegate Agreement costs \$63.81 to \$73.51. Estimating that it would receive a total of 11,711 to 23,421 Delegate Agreements, the Department approximates the total cost of establishing Delegate Agreements would be \$747,279 to \$1,721,678. See Figure 3 below for a breakdown of those costs estimates.

**FIGURE 3 – INITIAL ESTIMATED COSTS TO PHARMACISTS**

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<b>Initial Costs for an Individual</b>	<u>Number of Individuals</u>	<u>Total Cost for an Individual</u>
Pharmacist	11,711 – 23,421	\$31.71 – \$63.42
Delegate	11,711 – 23,421	\$10.09
Medical Practice Administrator	11,711 – 0*	\$22.01 – \$0.00*

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**TOTAL INDIVIDUALS**

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Number of Individuals

35,133 – 46,842

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**TOTAL COST**

Total Cost

\$747,279 – 1,721,678

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\*The high/low figures in the range are reversed because greater participation by Medical Practice Administrators is associated with the lower total cost range at the bottom of Figure 2. This is because the Medical Practice Administrator performs work that the Pharmacist would otherwise perform, and the Medical Practice Administrator does so at a reduced hourly cost.