

October 25, 2007

Barbara McNutt
Chief Counsel
Indiana Professional Licensing Agency

Dear Ms. McNutt:

Pursuant to IC 4-22-2-28, the Indiana Economic Development Corporation (“IIEDC”) has reviewed the economic impact analysis for small business associated with rule changes proposed by the Indiana Professional Licensing Agency (“IPLA”) and contained in LSA Document 07-590, which adds 856 IAC 5 to establish standards applicable to all pharmacies and facilities that utilize and rely on automation technology to store, package, dispense and distribute prescriptions or medication orders. The rule also defines the term “automated medication system.” Entities affected by the rule would include any pharmacy operation that utilizes automation technology for the purposes listed above. The chart below illustrates the number of small businesses that the IPLA believes may potentially be affected by the rule changes:

NAICS CODE 446110	Pharmacies	400
NAICS CODE 621	Ambulatory Health Care	160
NAICS CODE 622	Hospitals	125
NAICS CODE 623	Nursing and Residential Care Facilities	
	Comprehensive Care Facilities	518
	Residential Care Facilities	88

The cost of automated dispensing derives principally from the capital investment of renting or purchasing equipment for dispensing, labeling, and tracking. These costs will vary based upon the nature of the equipment purchased. Expenses can be offset by reduced numbers of personnel needed to perform these functions, decreased drug waste, reduction in medication dispensing time, and improved billing efficiency. Information that must be included in reports required under the new rules is already generated by the automation equipment. Therefore there will not be a significant increase in reporting costs attributable to the rule changes.

Importantly, the rule does not mandate the use of automation equipment in pharmacies, it only provides a regulatory framework for those entities that elect to use automation equipment. Therefore, any costs associated with the rule will only be incurred by those entities that choose to use automation equipment in their pharmacy.

The IIEDC does not object to economic impact to small businesses contained in the proposed rule changes. The primary costs associated with the rule will be limited to those entities choosing to use automation equipment in their pharmacy. Additionally, companies that elect to use automation equipment may realize cost savings through increased efficiencies in various aspects of their operations.

If you have any questions about the comments contained herein please contact me at 232-8962 or rasberry@iiedc.in.gov.

Regards,



Ryan Asberry
Assistant Vice President
Indiana Economic Development Corporation

