Economic Impact Analysis
Virginia Department of Planning and Budget

18 VAC 110-40 – Regulations Governing Collaborative Practice Agreements
Department of Health Professions
August 7, 2006

Summary of the Proposed Regulation

The Boards of Pharmacy and Medicine (boards) propose to amend the requirements for collaborative practice agreements between doctors and pharmacists. The proposed amendments will clarify sections of the regulation that have the potential to be confusing and eliminate requirements that the boards deem unnecessarily burdensome to the parties who enter into collaborative agreements (doctors, pharmacists and patients). The boards have also proposed adding one new requirement that pharmacists and doctors who are signatories to collaborative agreements inform other parties to these agreements of any changes in ownership or location.

Result of Analysis

The benefits likely exceed the costs for this proposed regulatory change.

Estimated Economic Impact

Currently doctors and pharmacists may enter into collaborative patient care agreements for patients who have chronic conditions that have generally accepted and well defined treatment protocols. These agreements allow pharmacists and doctors to exchange more information, allow pharmacists to directly receive patient test results and allow pharmacists to modify medicine dosing and directions in response to received test results. This allows patients the benefit of more timely response to any changes in their health status. The Department of Health Professions reports that the chronic conditions most often treated through collaborative agreements are diabetes, asthma, anti-coagulant therapy and hypertension. Patients with these conditions are likely to need frequent, sometimes daily, adjustment of their medicine dosages.

The doctors and pharmacists who currently enter into collaboration must sign an agreement and the doctors must obtain signed informed consent from the patient whose care is

the subject of the agreement. Pharmacists may designate alternative pharmacists as parties to a collaborative agreement so long as these alternative pharmacists are directly involved in the patient's care and they are signatories of the agreement. Current regulation, but not Virginia law, only allows collaborative agreements to be valid for two years or less.

The proposed regulation will eliminate the requirement that designated alternate pharmacists actually be signatories to collaborative agreements, allow pharmacists do document informed patient consent and eliminate the time restriction that collaborative agreements. The board reports that the Code of Virginia does not require alternate pharmacists to be signatories and believes that these signatures are not required to ensure patient safety.

The boards further report that the Code of Virginia requires that patients consent to any collaborative agreements that govern their care; the Code of Virginia does not, however, require doctors to gain signed informed consent form. Since a timeline of patient care may make it more convenient for patients to consent to a collaborative agreement at their pharmacy, rather than going back to their doctor specifically to sign a consent form, the boards propose to change this requirement.

Legislative actions that allow collaborative agreements do not impose any restriction on the length of those agreements. The boards feel that patients would be better served if collaborative agreements remain in force until terminated by the signatories. The boards propose to eliminate the two-year validity restriction and, instead, require signatories to review collaborative agreements so that they reflect best medical practices. All three of these proposed changes will likely decrease the costs incurred by doctors, pharmacists and patients when they participate in collaborative agreements. If these decreased costs encourage more participation, patients will likely enjoy an increase in the probability that they will get more seamless healthcare and better healthcare outcomes.

In addition to these changes that loosen restrictions on signatories to collaborative agreements, the boards propose to add language to the regulation that will make clear that doctors and pharmacists need only get the boards' approval for protocols that are outside what is generally considered standard care. The boards report that there has been confusion on this point and that confusion may have artificially suppressed collaborative agreement participation rates. If clarifying this matter encourages more participation in collaborative agreements, patients will

likely enjoy an increase in the probability that they will get more seamless healthcare and better healthcare outcomes.

The boards propose to add a requirement that signatories to collaborative agreements inform each other of any change in ownership or location of their practices. This will decrease the chance of any confusion that might adversely affect patient care. This is likely already common practice but could, at least hypothetically, slightly increase costs for any doctors or pharmacists who have had occasion to move without informing their partners in patient care.

Businesses and Entities Affected

The proposed regulation will affect all doctors, pharmacists and patients who choose to enter into collaborative agreements. Currently, there are approximately 27,190 licensed doctors and 9,000 licensed pharmacists in the Commonwealth.

Localities Particularly Affected

The proposed regulation will affect all localities in the Commonwealth.

Projected Impact on Employment

The proposed regulation will likely have no impact on employment in the Commonwealth.

Effects on the Use and Value of Private Property

Because the proposed regulation will eliminate requirements that are (slightly) costly for doctors and pharmacists but are not likely to improve patient care, those regulants who are already parties in existing collaborative agreements will likely see a (very small) increase in profits. In addition, regulants who are not currently parties to collaborative agreements will likely be more willing to enter such agreements than they otherwise would have been. To the extent that new collaborative agreements lower information search costs and improve patient care, the doctors and pharmacists involved may also experience a small increase in their profits.

Small Businesses: Costs and Other Effects

Doctors and pharmacists who currently choose to participate in collaborative agreements will likely experience a decrease in costs for that participation. The proposed regulation will also decrease the compliance burden borne by members of the regulated community who may enter into collaborative agreements in the future.

Small Businesses: Alternative Method that Minimizes Adverse Impact

The proposed regulation will decrease the compliance burden borne by the regulated community.

Legal Mandate

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.H of the Administrative Process Act and Executive Order Number 21 (02). Section 2.2-4007.H requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. Further, if the proposed regulation has adverse effect on small businesses, Section 2.2-4007.H requires that such economic impact analyses include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the regulation, including the type of professional skills necessary for preparing required reports and other documents; (iii) a statement of the probable effect of the regulation on affected small businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the regulation. The analysis presented above represents DPB's best estimate of these economic impacts.