

Alliance of States with Prescription Monitoring Programs

PMP UPGRADE & OPERATIONAL COST ESTIMATES FOR PMIX

Background

The Alliance has been working with the IJIS Institute in developing systems for states to exchange prescription information with each other. This Project has been made possible through funds provided by the Bureau of Justice Assistance (BJA).

Last year in Phase II of the IJIS project, California and Nevada successfully shared information. The current Phase III Project will have prescription data shared between possibly four states using a hub-based server system.

Anticipating a successful Phase III, IJIS and the Alliance would take the next step and enlist other states to join the hub program and share their data with states across the country.

In order for states to communicate with each other through the hub-based system, some changes, modifications or upgrades to state's current systems would most likely have to be made. The cost to a state for such modifications or upgrade to a hub-based system is dependent on various factors such as whether the PMP shares its infrastructure with other state applications, the number of requests from other states PMPs that would require manual intervention, etc.

Purpose

The purpose for this document is to provide states with an estimate cost model for developing the capability to exchange with a hub-based system. This is extremely vital for states that will be applying for a FY2008 Herald Rogers's grant. The Cost Estimates below will assist states to address the requirement in the FY2008 Harold Rogers grant solicitation to "Encourage the exchange of information and collected prescription data among states".

Dr. Scott Serich, Senior Project Manager with the IJIS Institute has put together cost estimates for a state to upgrade its PMP system to participate in a Hub-based interstate exchange program. Scott would like to remind everyone that "estimating is not an exact science". The costs outlined below are rough-order of magnitude-estimates and can vary widely from one state to another depending on each state's circumstance.

Please be assured that the IJIS PMP Committee will continue to refine these estimates as the Phase III Hub Pilot Project moves forward, and the Alliance will provide any new information to our members as it becomes available.

Cost Estimates for Hub-Based System

Perhaps the most important consideration is whether the state PMP system is already providing access to PMP data via a web-based application (i.e., through an internet browser). Otherwise **\$30,000** to upwards of **\$100,000** could be required to establish the internet connections, firewalls and DMZs, and web application server. The IJIS Phase II exchange project found it necessary to spend several hundred thousand dollars to establish this infrastructure in one of the larger and more complex state environments.

Assuming that an existing PMP system (and web communication infrastructure) is already in place, the one-time cost of upgrading the system to send requests to the PMIX Hub (and receive responses) and to respond to requests from other states (through the Hub) would range between **\$30,000** and **\$60,000** in the first year. The cost will tend toward the lower end of this range for states that borrow similar code from other states and have relatively lower labor costs for IT development and testing resources. The high end of the range is more likely for states that create their code from scratch and have to pay a higher rate for IT development & test resources. Note that this will only provide the basic exchange capabilities for a state PMP to interact with the pilot version of the Hub. States would have to implement additional capabilities if they wished to exploit future Hub capabilities.

The ongoing annual cost of operating and maintaining this upgraded capability should run between \$15,000 and \$25,000 above and beyond the base annual PMP operation and maintenance cost. For a two-year duration, this cost category would be in the range of **\$30,000** to **\$50,000**.

Additional staff salary costs may be incurred in order to accommodate the added workflow generated by the interstate PMIX exchanges. It is estimated that this cost will include one-fourth of the salaries for the Database Analyst, the Prescription Monitoring Program Administrator, the Database Administrator and the Administrative Assistant who will all be devoting a portion of their time toward operational aspects of the PMIX Hub exchange enhancements. The estimated cost for "Personnel" would be $[1/4 \times 4 \text{ salaries} \times \text{\#years}]$. So for a 2-year duration, the additional staff cost would be approximately that of **two full-time-equivalents** in the target state.

The applicant may also wish to add "Fringe Benefits" based on an established formula for state payroll costs, which would include employer Medicare, retirement, health insurance, and disability. These costs could typically run at approximately **30%** of an employee's salary (equal to 30% of the "Personnel" cost calculated above).

Each state might also wish to apply for travel costs to enable technical staff and PMP managers to attend either national or regional meetings to help understand the requirements for interfacing with the PMP exchange Hub. If two employees were to attend four such coordination meetings over a two-year project time span, the estimated cost might be **\$5,840** itemized as follows: eight airline tickets at \$300 each (\$2,400), lodging at \$125/night for sixteen nights (\$2,000), and food at \$60/day for twenty-four days (\$1,440).