

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4311H.02P
Bill No.: Perfected HCS for HB 1677
Subject: Drugs and Controlled Substances; Pharmacy; Insurance - Health
Type: Original
Date: March 23, 2022

Bill Summary: This proposal creates provisions relating to payments for prescription drugs.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|--|-------------------------|-------------------------|-------------------------|
| FUND AFFECTED | FY 2023 | FY 2024 | FY 2025 |
| General Revenue Fund* | \$0 to (Unknown) | \$0 to (Unknown) | \$0 to (Unknown) |
| | | | |
| Total Estimated Net Effect on General Revenue | \$0 to (Unknown) | \$0 to (Unknown) | \$0 to (Unknown) |

*Officials from the Missouri Consolidated Health Care Plan (MCHCP) stated, to the extent the proposed language would not preclude MCHCP separately contracting with a specialty pharmacy for supply and payment of specialty drugs, the expected fiscal impact would be \$0. However, should the language allow retail pharmacies to supply and bill for specialty drugs, then MCHCP would likely have an unknown increased cost of over \$250,000. Oversight has reflected a \$0 or Unknown cost to various state and local funds that pay for health insurance coverage.

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|--|--|--|
| FUND AFFECTED | FY 2023 | FY 2024 | FY 2025 |
| Other State Funds | \$0 to (Unknown) | \$0 to (Unknown) | \$0 to (Unknown) |
| State Road Fund | (\$200,000) | Could exceed (\$200,000) | Could exceed (\$200,000) |
| Total Estimated Net Effect on <u>Other</u> State Funds | (Could be greater than \$200,000) | (Could be greater than \$200,000) | (Could be greater than \$200,000) |

Numbers within parentheses: () indicate costs or losses.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|-------------------------|-------------------------|-------------------------|
| FUND AFFECTED | FY 2023 | FY 2024 | FY 2025 |
| Federal Funds | \$0 to (Unknown) | \$0 to (Unknown) | \$0 to (Unknown) |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 to (Unknown) | \$0 to (Unknown) | \$0 to (Unknown) |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------|----------|----------|
| FUND AFFECTED | FY 2023 | FY 2024 | FY 2025 |
| | | | |
| | | | |
| Total Estimated Net Effect on FTE | 0 | 0 | 0 |

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

☐ Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|--|-------------------------|-------------------------|-------------------------|
| FUND AFFECTED | FY 2023 | FY 2024 | FY 2025 |
| | | | |
| Local Government | \$0 to (Unknown) | \$0 to (Unknown) | \$0 to (Unknown) |

FISCAL ANALYSIS

ASSUMPTION

Sections 103.200-376.414 – Payments for Prescription Drugs

Officials from the **Missouri Consolidated Health Care Plan (MCHCP)** state to the extent the proposed language would not preclude MCHCP separately contracting with a specialty pharmacy for supply and payment of specialty drugs, the expected fiscal impact would be \$0. Should the language allow retail pharmacies to supply and bill for specialty drugs, then MCHCP would likely have an unknown increased cost of over \$250,000.

Oversight will range the fiscal impact to MCHCP as \$0 (the language would not preclude MCHCP from separately contracting with a specialty pharmacy for supply and payment of specialty drugs) to (Unknown) (retail pharmacies are allowed to supply and bill for specialty drugs) to the General Revenue Fund, Other State Funds, Federal Funds and Local Political Subdivisions.

SEQ CHAPTER \h \r 1

House Amendment 1

Oversight assumes House Amendment 1 will have no fiscal impact on state or local governments.

House Amendment 2

Oversight assumes House Amendment 2 will have no fiscal impact on state or local governments.

House Amendment 3

Section 338.061 - Tricia Leann Tharp Act - HB 1644

In response to a similar proposal from this year (HB 1644), officials from the **Department of Commerce and Insurance** and the **Department of Health and Senior Services** each assumed the proposal will have no fiscal impact on their respective organizations. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

SEQ CHAPTER \h \r 1SEQ CHAPTER \h \r 1House Amendment 4

Section 376.687 & 376.689 – Insurance Coverage for Insulin Drugs and Epinephrine Auto Injectors – HB 2159 (HB 2313)

In response to a similar proposal from this year (HB 2159), officials from the **Missouri Consolidated Health Care Plan** stated that beginning in 2022, MCHCP will be waiving the deductible for diabetic medications for members in the HSA plan. Consequently, MCHCP anticipated cost to the plan is expected to be minimal. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for MCHCP.

Officials from the **Missouri Department of Transportation (MODOT)** state this legislation would put a cap on the amount an insured is required to pay for insulin. The remainder of the cost would be required to be paid for by the insurer. As a self-funded medical plan, MoDOT/MSHP would be required to cover these costs. The cost would increase annually with the increase in prescription drug costs, and this would contribute to an increase in health insurance premiums. Based on current utilization of insulin in the health plan, MoDOT expects a first-year negative fiscal impact of \$200,000 in FY 2023 and could exceed \$200,000 in subsequent years, from the State Road Fund.

Oversight notes that the MODOT has stated the proposal would have a first-year fiscal impact \$200,000. Oversight does not have any information to the contrary. Therefore, Oversight will use MoDOT's estimated cost \$200,000 to the State Road Fund (320).

Oversight assumes this legislation could affect other insurance plans such as the Missouri Department of Conservation and local political subdivisions. Oversight will reflect a \$0 or Unknown cost to the Conservation Commission Fund (0609) and Local Political Subdivisions.

Bill as a whole:

Officials from the **Department of Commerce and Insurance**, the **Department of Health and Senior Services**, the **Department of Social Services**, **Kansas City** and **Claycomo** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

In response to a previous version, officials from the **Office of Administration - Administrative Hearing Commission**, the **Missouri Department of Conservation** and the **City of Springfield** assumed the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency.

Officials from the **Department of Public Safety - Missouri Highway Patrol** defer to the Missouri Department of Transportation for the potential fiscal impact of this proposal.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other cities were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

| <u>FISCAL IMPACT – State Government</u> | FY 2023 (10 Mo.) | FY 2024 | FY 2025 |
|---|---|---|---|
| GENERAL REVENUE FUND | | | |
| <u>Cost - MCHCP</u> Specialty Pharmacy for Specialty Drugs §§103.200-376.414 p. 3 | <u>\$0 to</u> <u>(Unknown)</u> | <u>\$0 to</u> <u>(Unknown)</u> | <u>\$0 to</u> <u>(Unknown)</u> |
| ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND | <u>\$0 to</u> <u>(Unknown)</u> | <u>\$0 to</u> <u>(Unknown)</u> | <u>\$0 to</u> <u>(Unknown)</u> |
| OTHER STATE FUNDS | | | |
| <u>Cost - MCHCP</u> Specialty Pharmacy for Specialty Drugs §§103.200-376.414 p. 3 | <u>\$0 to</u> <u>(Unknown)</u> | <u>\$0 to</u> <u>(Unknown)</u> | <u>\$0 to</u> <u>(Unknown)</u> |
| ESTIMATED NET EFFECT TO OTHER STATE FUNDS | <u>\$0 to</u> <u>(Unknown)</u> | <u>\$0 to</u> <u>(Unknown)</u> | <u>\$0 to</u> <u>(Unknown)</u> |
| FEDERAL FUNDS | | | |
| <u>Cost - MCHCP</u> Specialty Pharmacy for Specialty Drugs §§103.200-376.414 p. 3 | <u>\$0 to</u> <u>(Unknown)</u> | <u>\$0 to</u> <u>(Unknown)</u> | <u>\$0 to</u> <u>(Unknown)</u> |
| ESTIMATED NET EFFECT TO FEDERAL FUNDS | <u>\$0 to</u> <u>(Unknown)</u> | <u>\$0 to</u> <u>(Unknown)</u> | <u>\$0 to</u> <u>(Unknown)</u> |
| STATE ROAD FUND (0320) | | | |
| <u>Cost – MoDOT §376.687 p.4 HA 4</u> Epinephrine auto-injector coverage | <u>(\$200,000)</u> | <u>Could exceed</u> <u>(\$200,000)</u> | <u>Could exceed</u> <u>(\$200,000)</u> |
| ESTIMATED NET EFFECT TO THE STATE ROAD FUND (0320) | <u>(\$200,000)</u> | <u>Could exceed</u> <u>(\$200,000)</u> | <u>Could exceed</u> <u>(\$200,000)</u> |

| <u>FISCAL IMPACT – State Government</u> <u>(continued)</u> | FY 2023 (10 Mo.) | FY 2024 | FY 2025 |
|--|---|---|---|
| | | | |
| CONSERVATION COMMISSION FUND (0609) | | | |
| | | | |
| <u>Cost</u> - MDC§376.687 p.4 HA 4 Epinephrine auto-injector coverage | <u>\$0 or</u> <u>(Unknown)</u> | <u>\$0 or</u> <u>(Unknown)</u> | <u>\$0 or</u> <u>(Unknown)</u> |
| | | | |
| ESTIMATED NET EFFECT TO THE CONSERVATION COMMISSION FUND (0609) | <u>\$0 or</u> <u>(Unknown)</u> | <u>\$0 or</u> <u>(Unknown)</u> | <u>\$0 or</u> <u>(Unknown)</u> |

| <u>FISCAL IMPACT – Local Government</u> | FY 2023 (10 Mo.) | FY 2024 | FY 2025 |
|---|---|---|---|
| | | | |
| LOCAL POLITICAL SUBDIVISIONS | | | |
| | | | |
| <u>Cost</u> - MCHCP Specialty Pharmacy for Specialty Drugs §§103.200-376.414 p. 3 | <u>\$0 to</u> <u>(Unknown)</u> | <u>\$0 to</u> <u>(Unknown)</u> | <u>\$0 to</u> <u>(Unknown)</u> |
| | | | |
| <u>Cost</u> - Local Political Subdivisions changes to insulin drug coverage §376.687 p.4 HA 4 | <u>\$0 or</u> <u>(Unknown)</u> | <u>\$0 or</u> <u>(Unknown)</u> | <u>\$0 or</u> <u>(Unknown)</u> |
| | | | |
| ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS | <u>\$0 to</u> <u>(Unknown)</u> | <u>\$0 to</u> <u>(Unknown)</u> | <u>\$0 to</u> <u>(Unknown)</u> |

FISCAL IMPACT – Small Business

A direct fiscal impact to pharmacies and pharmacist would be expected as a result of this proposal.

A direct fiscal impact to small business medical services and equipment providers could be expected as a result of this proposal.

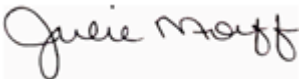
FISCAL DESCRIPTION

This proposal creates provisions relating to payments for prescription drugs.

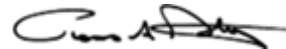
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration - Administrative Hearing Commission
Department of Commerce and Insurance
Department of Public Safety - Missouri Highway Patrol
Department of Social Services
Missouri Department of Conservation
Missouri Department of Transportation
Office of Administration
Missouri Consolidated Health Care Plan
Department of Health and Senior Services
Office of the Secretary of State
Joint Committee on Administrative Rules
Kansas City
City of Springfield
Claycomo



Julie Morff
Director
March 23, 2022



Ross Strobe
Assistant Director
March 23, 2022