

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0702-02
Bill No.: HCS for HB 233
Subject: Insurance - Health; Drugs and Controlled Substances; Pharmacy; Health Care
Type: Original
Date: March 10, 2017

Bill Summary: This proposal changes the laws regarding the dispensing of contraceptives.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
General Revenue	\$2,262	\$2,826	\$2,942
Total Estimated Net Effect on General Revenue	\$2,262	\$2,826	\$2,942

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Insurance Dedicated	Up to \$36,500	\$0	\$0
Pharmacy Reimbursement Fund	(\$5,476)	(\$6,841)	(\$7,121)
Total Estimated Net Effect on Other State Funds	Up to \$31,024	(\$6,841)	(\$7,121)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Federal *	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Savings, income, expenses and losses minimal and net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Social Services (DSS), MO HealthNet Division (MHD)** state based on utilization between July-December 2016, there are 27,036 MO HealthNet participants utilizing a self-administered oral hormonal contraceptive. MHD assumes 10% (2,704) of these participants will seek prescriptions directly from a pharmacist in lieu of a physician. MHD further assumes the intent of this legislation is to authorize a pharmacist to write temporary scripts for contraceptives until the patient can see a physician. As such, MHD assumes a pharmacist will be limited to writing a script authorizing no more than 3 monthly refills. MHD estimates a \$4 professional fee will be assessed for the pharmacist's effort to meet with the patient and write the script. The \$4 professional fee would be funded through the Pharmacy Tax.

MHD assumes 50% of 2,704 participants would utilize a pharmacist for contraceptive scripts only once per year at a cost of \$5,407 ($50\% * 2,704 * \4); 35% of participants would utilize the pharmacy for contraceptive scripts twice per year at a cost of \$7,571 ($35\% * 2,704 * \8); 10% of participants would utilize the pharmacist for contraceptive scripts three times per year at a cost of \$3,245 ($10\% * 2,704 * \12); and 5% of participants would utilize the pharmacist for contraceptive scripts four times per year at a cost of \$2,163 ($5\% * 2,704 * \16). The total annual cost of \$18,386 is multiplied by Federal Share (64.26%) for a total of \$11,815 and the State share (35.74%) for a total of \$6,571 Other Funds. MHD assumes this will not increase utilization.

In addition, MHD assumes that those utilizing the pharmacist contraceptive scripts four times per year would not utilize a physician's office visit for the purpose of renewing their contraceptive script in that year. This would generate a savings of \$56.19 (cost of an office visit) each year for an estimated 135 participants ($5\% * 2,704$). The savings would be in general revenue and federal funds.

FY18 estimate assumes only 10 months of implementation. A 4.1% trend factor was applied to FY19 and FY20 each.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** state the department expects to see a filing influx of 10 filings per HMO and major medical writing companies, along with a \$50 filing fee. The bill specifically excludes supplemental insurance including life care contracts, accident-only, specified disease, hospital, Medical supplement, long-term care, short-term major medical, and other supplemental policies from the provisions of the bill. Therefore, DIFP has 52 licensed companies writing major medical policies and 21 licensed HMOs. The DIFP could expect up to \$36,500 ($52 \text{ companies} + 21 \text{ HMOs} = 73 \text{ organizations} \times 10 \text{ filings} \times \$50/\text{filing}$) in one-time additional revenue to the Insurance Dedicated Fund from passage of this bill.

ASSUMPTION (continued)

Additional staff and expenses are not being requested with this single proposal, but if multiple proposals pass during the legislative session which require policy form reviews, the DIFP will need to request additional staff to handle the increase in workload.

Officials from the **Department of Health and Senior Services**, the **Missouri Consolidated Health Care Plan**, the **Missouri Department of Conservation** and the **Missouri Department of Transportation** each assume the proposal would not fiscally impact their respective agencies.

Officials from the **Department of Public Safety, Missouri State Highway Patrol** defer to the Missouri Department of Transportation (MoDOT), Employee Benefits Section for response on behalf of the Highway Patrol. Please see MoDOT's fiscal note response for the potential fiscal impact of this proposal.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

In response to the previous version of this proposal, officials from the **Joint Committee on Administrative Rules (JCAR)** stated the legislation is not anticipated to cause a fiscal impact to JCAR beyond its current appropriation.

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
GENERAL REVENUE FUND			
<u>Savings</u> - DSS (§§338.010 & 338.660)			
State share of reduced physician expenditures	<u>\$2,262</u>	<u>\$2,826</u>	<u>\$2,942</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>\$2,262</u>	<u>\$2,826</u>	<u>\$2,942</u>
INSURANCE DEDICATED FUND			
<u>Income</u> - DIFP (§376.1240)			
Form filing fees	<u>Up to \$36,500</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON THE INSURANCE DEDICATED FUND	<u>Up to \$36,500</u>	<u>\$0</u>	<u>\$0</u>
PHARMACY REIMBURSEMENT FUND			
<u>Costs</u> - DSS (§§338.010 & 338.660)			
Distributions to pharmacists	<u>(\$5,476)</u>	<u>(\$6,841)</u>	<u>(\$7,121)</u>
ESTIMATED NET EFFECT ON PHARMACY REIMBURSEMENT FUND	<u>(\$5,476)</u>	<u>(\$6,841)</u>	<u>(\$7,121)</u>
FEDERAL FUNDS			
<u>Savings</u> - DSS (§§338.010 & 338.660)			
Reduction in physician expenditures	\$4,068	\$5,082	\$5,290
<u>Income</u> - DSS (§§338.010 & 338.660)			
Program receipts for increase in pharmacist script writing	\$9,846	\$12,300	\$12,804

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
FEDERAL FUNDS (continued)			
<u>Costs - DSS (§§338.010 & 338.660)</u>			
Increase in program costs for pharmacist script writing	(\$9,846)	(\$12,300)	(\$12,804)
<u>Loss - DSS (§§338.010 & 338.660)</u>			
Reduction in reimbursements physician expenditures	<u>(\$4,068)</u>	<u>(\$5,082)</u>	<u>(\$5,290)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal would directly impact small business pharmacies. Pharmacists in small businesses must complete a training program to be able to prescribe hormonal contraceptives, have a self-screening risk assessment tool for use by the patient prior to the pharmacist's prescribing the contraceptive available, be able to refer the patient to the patient's primary care practitioner or women's health care practitioner, and provide the patient with a written record of the contraceptive prescribed. In addition, small business pharmacies will be prohibited from requiring a patient to schedule an appointment.

FISCAL DESCRIPTION

PRACTICE OF PHARMACY

This bill adds the prescribing and dispensing of hormonal contraceptive patches and self-administered oral hormonal contraceptives to the definition of the practice of pharmacy. (Section 338.010, RSMo)

FISCAL DESCRIPTION (continued)

HORMONAL CONTRACEPTIVE

The bill permits a pharmacist to prescribe self-administered oral hormonal contraceptives to a person who is 18 years of age or older regardless of whether the person has evidence of a previous prescription and to a person under 18 years of age if the person has evidence of a previous prescription. All state and federal laws governing insurance coverage of contraceptives shall apply to self-administered oral hormonal contraceptives prescribed under the provisions of the bill (Section 338.660)

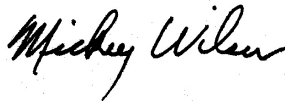
CONTRACEPTIVE REIMBURSEMENT

The bill requires each health carrier or benefit plan that offers or issues health benefit plans in Missouri and provides coverage for contraceptives to reimburse a health care provider or dispensing entity for dispensing a three-month supply of a prescription contraceptive for the first dispensing to an insured and 3-month supply for a refill of the same contraceptive regardless of whether the insured was enrolled in the health benefit plan or policy at the time of the first dispensing. The coverage required under these provisions must not be subject to any greater deductible or co-payment than similar health services provided by the health benefit plan (Section 376.1240).

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

Department of Health and Senior Services
Department of Insurance, Financial Institutions and Professional Registration
Department of Public Safety -
 Missouri State Highway Patrol
Department of Social Services -
 MO HealthNet Division
Joint Committee on Administrative Rules
Missouri Consolidated Health Care Plan
Missouri Department of Conservation
Missouri Department of Transportation
Office of Secretary of State



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