

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1390H.011  
Bill No.: HB 751  
Subject: Insurance - Health; Health Care  
Type: Original  
Date: April 5, 2021

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Bill Summary: This proposal modifies provisions for step therapy.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
General Revenue Fund	(Up to \$3,011,040)	(Up to \$6,407,640)	(Up to \$7,239,960)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(Up to \$3,011,040)</b>	<b>(Up to \$6,407,640)</b>	<b>(Up to \$7,239,960)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
Other Funds	(Up to \$718,320)	(Up to \$1,528,620)	(Up to \$1,722,448))
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(Up to \$718,320)</b>	<b>(Up to \$1,528,620)</b>	<b>(Up to \$1,722,448))</b>

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
Federal Funds	(Up to \$1,190,640)	(Up to \$2,533,740)	(Up to \$2,862,860)
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>(Up to \$1,190,640)</b>	<b>(Up to \$2,533,740)</b>	<b>(Up to \$2,862,860)</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
<b>Local Government</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Missouri Consolidated Health Care Plan** state this language in the bill would affect MCHCP in that Express Scripts provides the utilization management of the MCHCP's prescription benefit. Based on the broadness of the language and lack of regulatory guidance, the step therapy programs currently in place for MCHCP could be negatively impacted. In CY 2020, step therapy saved MCHCP \$7.7 million and without an effective program, MCHCP estimates the fiscal impact to be up to a \$4.92 million cost in FY22 (6 months of CY2022), \$10.47 million in FY23, and \$11.83 million in FY24.

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect the fiscal impact as "up to" the estimate provided by MCHCP:

#### FY 2022

General Revenue Fund (61.2%) – (Up to \$3,011,040)

Federal Funds (24.2%) – (Up to \$1,190,640)

Other Funds (14.56%) – (Up to \$718,320)

**Total – (Up to \$4,920,000)**

#### FY 2023

General Revenue Fund (61.2%) – (Up to \$6,407,640)

Federal Funds (24.2%) – (Up to \$2,533,740)

Other Funds (14.56%) – (Up to \$1,528,620)

**Total – (Up to \$10,470,000)**

#### FY 2024

General Revenue Fund (61.2%) – (Up to \$7,239,960)

Federal Funds (24.2%) – (Up to \$2,862,860)

Other Funds (14.56%) – (Up to \$1,722,448)

**Total – (Up to \$11,830,000)**

Officials from the **Department of Commerce and Insurance**, the **Department of Health and Senior Services**, the **Department of Social Services**, the **Missouri Department of Conservation**, the **Missouri Department of Transportation, Kansas City**, the **City of O'Fallon**, the **City of Springfield**, the **St. Louis Budget Division** and the **City of Tipton** 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.

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.

Officials from the **Office of Administration** defer to the Missouri Consolidated Health Care Plan for the potential fiscal impact of this proposal.

**Oversight** assumes this legislation could have an impact on local political subdivisions health insurance step therapy programs currently in place and therefore will reflect an (Unknown) cost to local political subdivisions.

**Oversight** only reflects the responses that we have received from state agencies and political subdivisions; however, other cities and counties were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in our database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
<b>GENERAL REVENUE FUND</b>			
<u>Cost – MCHCP Step Therapy Provisions p. 3</u>	<u>(Up to \$3,011,040)</u>	<u>(Up to \$6,407,640)</u>	<u>(Up to \$7,239,960)</u>
<b>ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND</b>	<b><u>(Up to \$3,011,040)</u></b>	<b><u>(Up to \$6,407,640)</u></b>	<b><u>(Up to \$7,239,960)</u></b>
<b>FEDERAL FUNDS</b>			
<u>Cost – MCHCP Step Therapy Provisions p. 3</u>	<u>(Up to \$1,190,640)</u>	<u>(Up to \$2,533,740)</u>	<u>(Up to \$2,862,860)</u>
<b>ESTIMATED NET EFFECT TO FEDERAL FUNDS</b>	<b><u>(Up to \$1,190,640)</u></b>	<b><u>(Up to \$2,533,740)</u></b>	<b><u>(Up to \$2,862,860)</u></b>
<b>OTHER FUNDS</b>			
<u>Cost – MCHCP Step Therapy Provisions p. 3</u>	<u>(Up to \$718,320)</u>	<u>(Up to \$1,528,620)</u>	<u>(Up to \$1,722,448)</u>
<b>ESTIMATED NET EFFECT TO OTHER FUNDS</b>	<b><u>(Up to \$718,320)</u></b>	<b><u>(Up to \$1,528,620)</u></b>	<b><u>(Up to \$1,722,448)</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Cost – Step Therapy Provisions p. 3</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>

FISCAL IMPACT – Small Business

This legislation could have an impact on small business health insurance step therapy programs currently in place.

FISCAL DESCRIPTION

To the extent that a health care provider recommends a specific sequence for prescribing and covering drugs to treat a certain condition, this bill establishes new criteria for developing the step protocols. The bill requires the protocols to be designed around peer-reviewed research or some other process that includes feedback from multidisciplinary experts.

The bill also details considerations and protections to be provided to patients who require and request exemptions to the step therapy protocols. These include making the process easy to locate on the website, allowances for likely adverse reactions or other information and experience that indicates the drug will not be effective. The bill does not prevent the use of generic substitutes.

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 Commerce and Insurance  
 Department of Health and Senior Services  
 Department of Public Safety - Missouri Highway Patrol  
 Missouri Department of Conservation  
 Missouri Department of Transportation

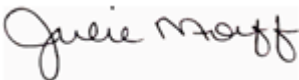
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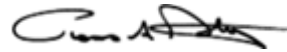
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Office of Administration  
Missouri Consolidated Health Care Plan  
Kansas City  
City of O'Fallon  
City of Springfield  
St. Louis Budget Division  
City of Tipton



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April 5, 2021



Ross Strobe  
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April 5, 2021