

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5029-11
Bill No.: CCS for HCS for SS for SCS for SB 826
Subject: Dentists; Drugs and Controlled Substances; Health Care; Pharmacy; Health Care Professionals; Health and Senior Services Department; Hospitals; Insurance - Health; Medicaid/MO Healthnet; Nurses; Optometry; Pharmacy; Physicians; Public Assistance; Social Services Department
Type: Original
Date: May 10, 2018

Bill Summary: This proposal modifies provisions relating to pharmacy, including drug disposal, prescription limitation for controlled substances, and vaccine protocols.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
General Revenue	\$220,145	\$228,510	\$237,194
Total Estimated Net Effect on General Revenue	\$220,145	\$228,510	\$237,194

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Federal*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Savings and losses exceed \$400,000 annually and net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
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 2019	FY 2020	FY 2021
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Oversight was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

§208.183 - Advisory Council on Rare Diseases and Personalized Medicine

Officials from the **Department of Social Services (DSS)** state this legislation states there will be a total of 15 board members on the advisory council. Also attending the board meetings would be approximately 9 MO HealthNet staff. The cost of the meals per meeting was calculated by using Missouri's food per diem for instate travel.

The maximum cost for lunch in Jefferson City is \$10.00 per day per person. The total cost for meals was calculated by taking 15 board members multiplied by \$10.00 which equals \$150.00 ($\$10.00 \times 15 = \150.00) for each meeting. MHD assumes there will be 1 meeting per quarter and lunch would be catered.

For FY19 the start date of the advisory council would be February 28, 2019; therefore, FY19 is calculated at 6 months (2 meetings). Mileage was calculated by using an average from the Drug Utilization Review (DUR) board of 7 members that submitted expense reports. The mileage reimbursement for the state of Missouri is calculated at \$0.37 per mile.

Lodging was calculated by using the maximum paid by the state of Missouri of \$89.00 per night. Copies of the packets for the meeting were calculated by using the department max for color ink at \$0.05 per copy and for black and white at \$0.0082 per copy. Cost of paper is at a rate of \$0.05 per sheet. Packets used for the DUR board meeting consists of approximately 5 color slides and 100 sheets of paper.

The Department of Social Services assumes that costs for advisory council meetings would not be eligible for federal funding and, therefore, calculated all costs to be general revenue fund costs.

The DSS estimates the fiscal impact of this proposal to be \$4,296 for FY19 and \$8,593 for each FY20 and FY 21.

Oversight assumes the DSS could absorb this minimal fiscal impact within existing appropriation levels.

ASSUMPTION (continued)

§208.1070 - Transfer of Certain Contraceptives

Officials from the **Department of Social Services (DSS), MO HealthNet Division (MHD) and Division of Legal Services (DLS)** state MO HealthNet assumes that if this legislation passes, the Board of Pharmacy would change their existing rule which prohibits transfer of a pharmacy script once the product has been dispensed.

In FY17 there were 1,833 Long-Acting Reversible Contraceptive (LARC) devices that were abandoned. This was determined by taking the difference between the number of paid units in FY17 (9,957) less the number of actual insertions which was 8,124. Of these, MO HealthNet assumes 60%, or 1,100 devices, could have been reused. In order to have a higher utilization of devices being reused, MO HealthNet would need to implement some type of tracking system to ensure that more abandoned devices were reused.

The cost of the device was determined by taking the weighted average of LARC devices in FY17 less rebates to arrive at a net cost of \$533.80 each. This gives an FY17 savings of \$587,180 (1,100 x \$533.80). MO HealthNet assumes an annual 3.8% inflation factor from FY17 - FY21.

FY17 savings 1,100 X \$533.80 = \$587,180;
FY18 savings \$587,180 X 1.038 = \$609,493;
FY19 savings \$609,493 X 1.038 = \$632,654 / 12 X 10 months = **\$527,212 (\$220,145 General Revenue (GR); \$412,509 Federal)**;
FY20 savings \$632,654 X 1.038 = **\$656,694 (\$228,510 GR; \$428,184 Federal)**; and
FY21 savings \$656,694 X 1.038 = **\$681,649 (\$237,194 GR; \$444,455 Federal)**.

Bill as a whole

Officials from the **Department of Health and Senior Services, the Department of Insurance, Financial Institutions and Professional Registration, the Department of Mental Health, the Department of Natural Resources, the Department of Public Safety, Missouri State Highway Patrol, the Joint Committee on Administrative Rules, the Missouri Consolidated Health Care Plan, the City of Kansas City and the Springfield Police Department** each assume the proposal would not fiscally impact their respective agencies.

In response to the previous version of this proposal, officials from **St. Louis County** assume the proposal would not fiscally impact their agency.

ASSUMPTION (continued)

In response to a previous version 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.

Oversight notes this proposal has an emergency clause for section 195.265 relating to the collection of unused controlled substances.

<u>FISCAL IMPACT - State Government</u>	FY 2019	FY 2020	FY 2021
GENERAL REVENUE FUND			
<u>Savings - DSS (\$208.1070)</u>			
Transferred reversible contraceptive devices	<u>\$220,145</u>	<u>\$228,510</u>	<u>\$237,194</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>\$220,145</u>	<u>\$228,510</u>	<u>\$237,194</u>

<u>FISCAL IMPACT - State Government</u>	FY 2019	FY 2020	FY 2021
FEDERAL FUNDS			
<u>Savings</u> - DSS (§208.1070) Reduction in program expenditures	\$412,509	\$428,184	\$444,455
<u>Losses</u> - DSS (§208.1070) Reduction in program reimbursements	<u>(\$412,509)</u>	<u>(\$428,184)</u>	<u>(\$444,455)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2019	FY 2020	FY 2021
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal may have a minimal administrative fiscal impact if small business physicians' offices have to return abandoned reversible contraceptive devices to the manufacturer/dispensing organization.

FISCAL DESCRIPTION

This bill permits a long-acting reversible contraceptive (LARC) that is prescribed to and obtained for a MO HealthNet participant to be transferred to another MO HealthNet participant if the LARC was not delivered to, implanted in, or used on the original MO HealthNet participant to whom the LARC was prescribed. In order for a LARC to be transferred, certain provisions must be met as specified in the bill. (§208.1070)


This proposal contains an emergency clause.

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 Social Services
Department of Health and Senior Services
Department of Insurance, Financial Institutions and Professional Registration
Department of Mental Health
Department of Natural Resources
Department of Public Safety -
 Missouri State Highway Patrol
Joint Committee on Administrative Rules
Missouri Consolidated Health Care Plan
Office of Secretary of State
City of Kansas City
St. Louis County
Springfield Police Department

Ross Strope



Acting Director
May 10, 2018