

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3332S.01I
Bill No.: SB 814
Subject: Department of Commerce and Insurance; Consumer Protection; Contracts and
Contractors; Disabilities; Health Care; Health - Public; Insurance - Health;
Pharmacy
Type: Original
Date: January 6, 2022

Bill Summary: This proposal enacts provisions relating to prescription insulin drugs.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

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

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	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§376.2027 – Prescription insulin drug provisions

Officials from the **Missouri Consolidated Health Care Plan (MCHCP)** state MCHCP's contract includes 100 percent pass through of all rebates received by its Pharmacy Benefits Manager (PBM) to the Plan, which are then used to reduce premiums. With point-of-sale (POS) rebates, the amount of rebates that MCHCP could receive would go down and premiums, both for the member and the employer share could go up. Eighty-six percent of MCHCP members are on a PPO plan, with prescription copays, and insulin is at half of the applicable copay; thus this bill would ultimately not change their share. This proposed bill applies to insulins only for those on the high deductible plan, so the impact would be less. However, the insulin category is one of the biggest categories for rebates, so it still could have an impact. MCHCP's actuary estimates the POS rebate impact would be unknown, but less than \$1,000,000 annually

Oversight assumes the fiscal impact to MCHCP is an indirect cost (reduction of rebates may increase member premiums); therefore, Oversight will not reflect a cost to MCHCP as a result of this proposal. Oversight notes, if this results in an increase in premiums, the state could elect to pick up that additional cost. However, Oversight assumes this to be a potential indirect cost to the state for fiscal note purposes.

Officials from the **Department of Commerce and Insurance**, the **Department of Social Services**, the **Missouri Department of Conservation**, the **Missouri Department of Transportation**, the **City of Kansas City** and the **St. Louis Budget Division** 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 MoDOT/MHP Health Care Plan for response relating to the fiscal impact of this proposal on their organization.

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

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other cities and various county officials 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 2023 (10 Mo.)	FY 2024	FY 2025
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

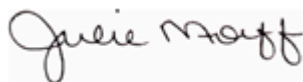
FISCAL DESCRIPTION

The proposed legislation appears to have no direct fiscal impact.


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 Public Safety – Missouri Highway Patrol
Department of Social Services
Missouri Department of Conservation
Missouri Department of Transportation
Office of Administration
City of Kansas City
St. Louis Budget Division
Missouri Consolidated Health Care Plan



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January 6, 2022



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