

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1706-01
Bill No.: HB 696
Subject: Drugs and Controlled Substances; Health Care; Insurance - Medical; Pharmacy
Type: Original
Date: March 9, 2007

Bill Summary: Requires health insurers to notify enrollees in writing of all changes to prescription drug formularies on an annual and quarterly basis.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|---|-------------------|-------------------|-------------------|
| FUND AFFECTED | FY 2008 | FY 2009 | FY 2010 |
| General Revenue | (\$74,785) | (\$74,785) | (\$74,785) |
| | | | |
| Total Estimated Net Effect on General Revenue Fund | (\$74,785) | (\$74,785) | (\$74,785) |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|-------------------|-------------------|-------------------|
| FUND AFFECTED | FY 2008 | FY 2009 | FY 2010 |
| Other Start | (\$14,730) | (\$14,730) | (\$14,730) |
| | | | |
| Total Estimated Net Effect on <u>Other</u> State Funds | (\$14,730) | (\$14,730) | (\$14,730) |

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|-------------------|-------------------|-------------------|
| FUND AFFECTED | FY 2008 | FY 2009 | FY 2010 |
| Federal | (\$23,795) | (\$23,795) | (\$23,795) |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | (\$23,795) | (\$23,795) | (\$23,795) |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------|----------|----------|
| FUND AFFECTED | FY 2008 | FY 2009 | FY 2010 |
| | | | |
| | | | |
| Total Estimated Net Effect on FTE | 0 | 0 | 0 |

☒ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|--|------------------|------------------|------------------|
| FUND AFFECTED | FY 2008 | FY 2009 | FY 2010 |
| Local Government | (Unknown) | (Unknown) | (Unknown) |

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri Department of Transportation, Department of Insurance, Financial and Professional Regulation, Department of Social Services, Department of Public Safety (DPS) - Director's Office, and Missouri Department of Conservation** assume the proposal will have no fiscal impact on their organizations.

Officials from the **DPS - Missouri State Highway Patrol** defer to the Missouri Department of Transportation for response regarding the fiscal impact of this proposal on their organization.

Officials from the **Missouri Consolidated Health Care Plan (HCP)** state the proposal would require the HCP to notify members in writing of changes made to the prescription formulary before the start of the plan year and quarterly thereafter. The total FY 08 impact of this proposal would be \$113,310 for printing, supplies and postage if these letters were sent to the subscriber (employee) only. FY 09 and FY 10 costs are assumed to be approximately the same amount.

Public entities would reimburse HCP for the costs of notifying their members of changes to the prescription drug formularies through an increase in administrative costs. Public entity costs are unknown, at this time.

| <u>FISCAL IMPACT - State Government</u> | FY 2008 (10 Mo.) | FY 2009 | FY 2010 |
|---|--------------------------|--------------------------|--------------------------|
| GENERAL REVENUE FUND | | | |
| <u>Costs - Missouri Consolidated Health Care Plan</u> | | | |
| Printing, supplies, and postage costs | <u>(\$74,785)</u> | <u>(\$74,785)</u> | <u>(\$74,785)</u> |
| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | <u>(\$74,785)</u> | <u>(\$74,785)</u> | <u>(\$74,785)</u> |
| OTHER STATE FUNDS | | | |
| <u>Costs - Missouri Consolidated Health Care Plan</u> | | | |
| Printing, supplies, and postage costs | <u>(\$14,730)</u> | <u>(\$14,730)</u> | <u>(\$14,730)</u> |
| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | <u>(\$14,730)</u> | <u>(\$14,730)</u> | <u>(\$14,730)</u> |

| <u>FISCAL IMPACT - State Government</u> | FY 2008 (10 Mo.) | FY 2009 | FY 2010 |
|---|--------------------------|--------------------------|--------------------------|
| FEDERAL FUNDS | | | |
| <u>Costs - Missouri Consolidated Health Care Plan</u> | | | |
| Printing, supplies, and postage costs | <u>(\$23,795)</u> | <u>(\$23,795)</u> | <u>(\$23,795)</u> |
| ESTIMATED NET EFFECT ON FEDERAL FUNDS | <u>(\$23,795)</u> | <u>(\$23,795)</u> | <u>(\$23,795)</u> |
| <u>FISCAL IMPACT - Local Government</u> | FY 2008 (10 Mo.) | FY 2009 | FY 2010 |
| ALL LOCAL GOVERNMENTS | | | |
| <u>Costs - All Local Governments</u> | | | |
| Increase in HCP administrative costs | <u>(Unknown)</u> | <u>(Unknown)</u> | <u>(Unknown)</u> |
| ESTIMATED NET EFFECT ON ALL LOCAL GOVERNMENTS | <u>(Unknown)</u> | <u>(Unknown)</u> | <u>(Unknown)</u> |
| <u>FISCAL IMPACT - Small Business</u> | | | |

This proposal could impact small businesses that provide health insurance to employees if health insurers increase premiums to cover the additional costs associated with letting enrollees know of drug formulary changes annually and quarterly.

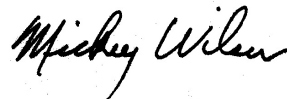
FISCAL DESCRIPTION

This proposal requires any health carrier or health benefit plan that provides prescription drug coverage to notify enrollees in writing of all additions or deletions in its prescription drug formularies at least 60 days prior to the immediately preceding plan year and for each calendar quarter.

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

Missouri Department of Transportation
Department of Insurance, Financial and Professional Regulation
Department of Social Services
Department of Public Safety -
 Director's Office
 Missouri State Highway Patrol
Missouri Consolidated Health Care Plan
Missouri Department of Conservation

A handwritten signature in black ink, reading "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
March 9, 2007