

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4289-01  
Bill No.: HB 1081  
Subject: Insurance - Medical; Pharmacy  
Type: Original  
Date: February 20, 2012

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Bill Summary: Requires a health carrier that provides coverage for prescription eye drops to provide coverage for a refill of prescription eye drops under certain conditions.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
General Revenue	(Unknown less than \$7,334)	(Unknown less than \$8,105)	(Unknown less than \$8,955)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(Unknown less than \$7,334)</b>	<b>(Unknown less than \$8,105)</b>	<b>(Unknown less than \$8,955)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Insurance Dedicated	Up to \$5,000	\$0	\$0
Road	(Unknown less than \$50,000)	(Unknown less than \$100,000)	(Unknown less than \$100,000)
Other	(Unknown less than \$1,733)	(Unknown less than \$1,915)	(Unknown less than \$2,116)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(Unknown greater than \$46,733)</b>	<b>(Unknown greater than \$101,915)</b>	<b>(Unknown greater than \$102,116)</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Federal	(Unknown less than \$2,933)	(Unknown less than \$3,241)	(Unknown less than \$3,581)
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>(Unknown less than \$2,933)</b>	<b>(Unknown less than \$3,241)</b>	<b>(Unknown less than \$3,581)</b>

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ 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 2013	FY 2014	FY 2015
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Missouri Department of Conservation** assume the proposal would have no fiscal impact on their agency.

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

Officials from the **Department of Social Services (DSS)** state this legislation does not revise Chapter 208, RSMo, and therefore, does not affect MO HealthNet eligibility or benefits.

This legislation would not have a fiscal impact on MO HealthNet Managed Care as pharmacy is carved out and provided through fee-for service.

Officials from the **Department of Insurance, Financial Institutions, and Professional Registration (DIFP)** state insurers may be required to submit amendments to their policies to comply with the legislation. Policy amendments must be submitted to the department for review along with a \$50 filing fee. The number of insurance companies writing these policies in Missouri is unknown. One-time additional revenues to the Insurance Dedicated Fund are estimated to be up to \$5,000

If the adoption of this proposal results in an increase in consumer inquiries, the DIFP believes it could absorb the workload within existing appropriations. However, should the extent of the work be more than anticipated, the DIFP would request additional appropriation and/or FTE through the budget process..

Officials from the **Missouri Department of Transportation (MoDOT)** state the proposed legislation prohibits health insurers from denying coverage for certain refills of prescription eye drops after January 1, 2013. The language requires health plans to provide renewal of drops when the renewal is requested by the insured prior to the date of the last day of the prescribed dosage period without regard to an early refill restriction as long as the prescribing provider authorized an early refill.

While the MoDOT/Missouri State Highway Patrol (MHP) Medical Plan would not fall under this definition of "health carrier," the Plan would arguably still be required to comply with the bill's requirements. If required to comply with the bill's requirements, this bill could have a fiscal impact on MoDOT/MHP Medical Plan. This bill prohibits the denial of coverage for the renewal of prescription eye drops and the Plan will be required to offer such coverage as well.

ASSUMPTION (continued)

Independent Pharmaceutical Consultants, Inc. (IPC) reviewed the legislation on behalf of the MoDOT/MHP Medical Plan. According to IPC's review, the proposed language would impact the Plan. IPC provided a memorandum from the Centers for Medicare and Medicaid Services (CMS), dated June 2, 2010, discussing early refills edits on topical ophthalmic products. CMS recognizes the early refill edits are an important utilization management tool to promote compliance and prevent waste; however, it is important Part D sponsors implement such edits in a manner that does not leave members at risk of interruptions in drug therapy. They suggest Part D sponsors should be prepared to allow overrides of these edits on a case-by-case basis when appropriate and necessary to prevent interruptions in drug therapy. It is suggested to adopt the guidelines from the CMS memo for the entire populations, rather than issuing different guidelines for non-Medicare participants.

It is difficult to estimate the actual cost to the MoDOT Plan because there is no sure way of determining early refills requested at the pharmacy because the member's supply due to difficulty of administration. IPC pulled early refill rejections from 2010 and if all refills had been processed, the total cost to the Plan and the members would have totaled \$30,500. Also with the additional costs to the prescription drug plan, our member's rates would need to be increased to ensure that the plan would have the required funds to support the additional costs.

The impact cannot be determined; however, it would be less than \$100,000.

Officials from the **Missouri Consolidated Health Care Plan (MCHCP)** state in 2011, MCHCP's pharmacy benefit manager rejected approximately 1,300 eye drop prescriptions or approximately \$60,000 in costs to the plan because the member was refilling too soon. The pharmacy benefit manager assumes about 80 percent of the prescriptions or \$48,000 in costs to the plan was approved after the original rejection because the member met exception criteria. MCHCP assumes the other 20 percent or \$12,000 would not meet current exception criteria but would be approved under this proposal. Therefore, the fiscal impact to MCHCP is less than or equal to \$12,000 in the first year with minimal increases after the first year due to an estimated 10.5 percent annual drug trend.

Year One Fiscal Impact:	\$12,000
Year Two Fiscal Impact:	\$13,260
Year Three Fiscal Impact	\$14,652

**Oversight** assumes the provisions of this proposal would become effective January 1, 2013.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (6 Mo.)	FY 2014	FY 2015
<b>GENERAL REVENUE FUND</b>			
<u>Costs - MCHCP</u>			
Increase in state share of prescription drug costs	<u>(Unknown less than \$7,334)</u>	<u>(Unknown less than \$8,105)</u>	<u>(Unknown less than \$8,955)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(Unknown less than \$7,334)</u></b>	<b><u>(Unknown less than \$8,105)</u></b>	<b><u>(Unknown less than \$8,955)</u></b>
<b>INSURANCE DEDICATED FUND</b>			
<u>Income - DIFP</u>			
Form filing fees	Up to \$5,000	\$0	\$0
<b>ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND</b>	<b><u>Up to \$5,000</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<b>ROAD FUND</b>			
<u>Costs - MoDOT</u>			
Increase in state share of health care costs	<u>(Unknown less than \$50,000)</u>	<u>(Unknown less than \$100,000)</u>	<u>(Unknown less than \$100,000)</u>
<b>ESTIMATED NET EFFECT ON ROAD FUND</b>	<b><u>(Unknown less than \$50,000)</u></b>	<b><u>(Unknown less than \$100,000)</u></b>	<b><u>(Unknown less than \$100,000)</u></b>
<b>OTHER STATE FUNDS</b>			
<u>Costs - MCHCP</u>			
Increase in state share of prescription drug costs	<u>(Unknown less than \$1,733)</u>	<u>(Unknown less than \$1,915)</u>	<u>(Unknown less than \$2,116)</u>
<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>	<b><u>(Unknown less than \$1,733)</u></b>	<b><u>(Unknown less than \$1,915)</u></b>	<b><u>(Unknown less than \$2,116)</u></b>

<u>FISCAL IMPACT - Federal Government</u>	FY 2013 (6 Mo.)	FY 2014	FY 2015
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**FEDERAL FUNDS**

Costs - MCHCP

Increase in state share of prescription drug costs	<u>(Unknown less than \$2,933)</u>	<u>(Unknown less than \$3,241)</u>	<u>(Unknown less than \$3,581)</u>
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<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>	<b><u>(Unknown less than \$2,933)</u></b>	<b><u>(Unknown less than \$3,241)</u></b>	<b><u>(Unknown less than \$3,581)</u></b>
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<u>FISCAL IMPACT - Local Government</u>	FY 2013 (6 Mo.)	FY 2014	FY 2015
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

The proposal may impact small businesses that provide prescription drug coverage for employees if their insurance premiums increase as a result of the provisions of this proposal.

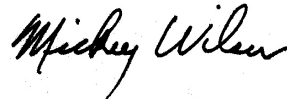
FISCAL DESCRIPTION

This proposal prohibits a health carrier that offers or issues plans which are delivered, issued, continued, or renewed on or after January 1, 2012, from denying coverage for a refill of prescription eye drops if the renewal was requested within 30 days of the original prescription or the date the last renewal was dispensed or if the prescribing health care professional indicates on the original prescription that additional refills are needed. The coverage must not be subject to any greater deductible or co-payment than other similar health care services provided by the plan.

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 Insurance, Financial Institutions, and Professional Registration  
Department of Social Services  
Missouri Department of Transportation  
Department of Public Safety -  
    Missouri State Highway Patrol  
Missouri Consolidated Health Care Plan  
Missouri Department of Conservation



Mickey Wilson, CPA  
Director  
February 20, 2012