

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4658-01
Bill No.: Perfected HB 1499
Subject: Health Care; Medicaid/MO HealthNet; Physicians
Type: Original
Date: April 4, 2018

Bill Summary: This proposal allows a health care provider to transfer a long-acting reversible contraceptive to a patient other than the patient to whom it was initially prescribed in certain circumstances.

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 <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 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

§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 $1,100 \times \$533.80 = \$587,180$;

FY18 savings $\$587,180 \times 1.038 = \$609,493$;

FY19 savings $\$609,493 \times 1.038 = \$632,654 / 12 \times 10 \text{ months} = \mathbf{\$527,212 (\$220,145 \text{ General Revenue (GR); } \$412,509 \text{ Federal})}$;

FY20 savings $\$632,654 \times 1.038 = \mathbf{\$656,694 (\$228,510 \text{ GR; } \$428,184 \text{ Federal})}$; and

FY21 savings $\$656,694 \times 1.038 = \mathbf{\$681,649 (\$237,194 \text{ GR; } \$444,455 \text{ Federal})}$.

Officials from the **Department of Health and Senior Services** and the **Department of Insurance, Financial Institutions and Professional Registration** each assume the proposal would not fiscally impact their respective agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
GENERAL REVENUE FUND			
<u>Savings</u> - DSS (§208.1070)			
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>
FEDERAL FUNDS			
<u>Savings</u> - DSS (§208.1070)	\$412,509	\$428,184	\$444,455
Reduction in program expenditures			
<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 (10 Mo.)	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.

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 -
 MO HealthNet Division
 Division of Legal Services
Department of Health and Senior Services
Department of Insurance, Financial Institutions and Professional Registration

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