

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5330-01  
Bill No.: HB 1542  
Subject: Pharmacy; Insurance - Health  
Type: Original  
Date: February 16, 2018

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Bill Summary: This proposal prohibits certain actions by pharmacy benefits managers.

**FISCAL SUMMARY**

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Insurance Dedicated Fund	(\$101,467)	(\$113,037)	(\$114,127)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(\$101,467)</b>	<b>(\$113,037)</b>	<b>(\$114,127)</b>

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
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Insurance Dedicated Fund	1 FTE	1 FTE	1 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>1 FTE</b>	<b>1 FTE</b>	<b>1 FTE</b>

☒ 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
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** state that according to the Kaiser foundation, in 2016 there were 84,995,045 retail prescription drugs filled at pharmacies in Missouri. In 2016 there were 2,636 total licensed pharmacies in the state. Based on these numbers and the possible complexities of these types of claims, this legislation would require the addition of at least one new Market Conduct Examiner III (\$74,580 annually) FTE to comply with the provisions of this bill.

Officials from the **Department of Social Services, the Department of Health and Senior Services, the Department of Mental Health, the Missouri Consolidated Health Care Plan and the Columbia/Boone County Department of Public Health and Human Services** each assume the proposal will have no fiscal impact on their respective organizations.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
<b>INSURANCE DEDICATED FUND</b>			
<u>Cost - DIFP</u>			
Personal Service	(\$62,150)	(\$75,326)	(\$76,079)
Fringe Benefits	(\$27,449)	(\$33,160)	(\$33,383)
Equipment and Expense	<u>(\$11,868)</u>	<u>(\$4,551)</u>	<u>(\$4,665)</u>
<u>Total Cost - DIFP</u>	<u>(\$101,467)</u>	<u>(\$113,037)</u>	<u>(\$114,127)</u>
FTE Change - DIFP	1 FTE	1 FTE	1 FTE
<b>ESTIMATED NET EFFECT ON THE INSURANCE DEDICATED FUND</b>	<b><u>(\$101,467)</u></b>	<b><u>(\$113,037)</u></b>	<b><u>(\$114,127)</u></b>
Estimated Net FTE Change on the Insurance Dedicated Fund	1 FTE	1 FTE	1 FTE
<u>FISCAL IMPACT - Local Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

### FISCAL IMPACT - Small Business

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

### FISCAL DESCRIPTION

This bill prohibits a pharmacy benefits manager from charging a copayment for a prescription or pharmacy service that exceeds the amount retained by the pharmacy from all payment sources for filling that prescription or providing that service.

A pharmacy benefits manager cannot prohibit a pharmacy from informing a person of the difference between his or her co-payment and the amount he or she would pay if a health benefit plan was not used to cover the cost. The pharmacy benefits manager also cannot prohibit a pharmacy from selling a prescription to a person who chooses not to use a health benefit plan to cover the cost, as long as the cost is less than the co-payment for the drug.

A pharmacy benefits manager cannot interfere with a pharmacist's ability to provide pharmacy care to a person.

A pharmacy benefits manager cannot charge a pharmacy for any fee that is related to a claim unless the amount of the fee has been disclosed at the time of the claim's adjudication.

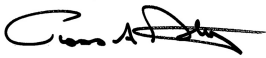
A pharmacy benefits manager cannot prohibit a pharmacy from making a statement to an official in a committee or proceeding. These provisions will be enforced by the Department of Insurance, Financial Institutions, and Professional Registration. A person may bring a civil action against a pharmacy benefits manager who violates the provisions of this section.

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  
Department of Health and Senior Services  
Department of Mental Health  
Missouri Consolidated Health Care Plan  
Columbia/Boon County Department of Public Health and Human Services

Ross Strobe

A handwritten signature in black ink, appearing to read "Ross Strobe", with a stylized, cursive script.

Acting Director  
February 16, 2018