

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5528-01
Bill No.: HB 2527
Subject: Health Care; Insurance - Health; Health, Public
Type: Original
Date: February 28, 2020

Bill Summary: This proposal enacts provisions relating to prescription drug cost.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
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 2021	FY 2022	FY 2023
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri Consolidated Health Care Plan (MCHCP)** state that MCHCP's contract includes 100 percent pass through of all rebates received by its Pharmacy Benefit's Manager (PMB) 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 could go up. The proposed bill applies to insulin only, so the impact would be less. However, the insulin category is one of the biggest categories for rebates, so it could still have an impact. MCHCP's actuary estimates the POS rebate impact to be unknown but less than \$100,000.

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 costs. However, Oversight assumes this to be a potential indirect cost to the state.

Officials from the **Department of Commerce and Insurance**, the **Department of Social Services**, the **Department of Health and Senior Services**, the **Office of Administration**, the **Department of Transportation** and the **Missouri Department of Conservation** each assume the proposal will have no fiscal impact on their respective organizations.

Oversight notes that the above mentioned agencies have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

Officials from the **Department of Public Safety - Missouri Highway Patrol** defer to the Department of Transportation to estimate the fiscal impact of the proposed legislation on their respective organization.

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Local Government

FY 2021
(10 Mo.)

FY 2022

FY 2023

\$0

\$0

\$0

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.

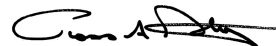
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Commerce and Insurance
Department of Social Services
Department of Health and Senior Services
Missouri Consolidated Health Care Plan
Office of Administration
Department of Transportation
Missouri Department of Conservation
Department of Public Safety
Missouri Highway Patrol



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