

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2629H.03C
Bill No.: HCS for HB 1195
Subject: Health Care; Insurance - Health; Pharmacy; Drugs and Controlled Substances
Type: Original
Date: May 8, 2025

Bill Summary: This proposal modifies provisions relating to access to medical products.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General Revenue	(Could exceed 9,322,000)	(Could exceed \$9,072,000)	(Could exceed \$9,072,000)
Total Estimated Net Effect on General Revenue	(Could exceed 9,322,000)	(Could exceed \$9,072,000)	(Could exceed \$9,072,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
State Road Fund	(\$3,372,076)	(Could exceed \$3,372,076)	(Could exceed \$3,372,076)
Other State Funds	(Could exceed \$2,160,000)	(Could exceed \$2,160,000)	(Could exceed \$2,160,000)
Total Estimated Net Effect on <u>Other</u> State Funds	(Could exceed \$5,532,076)	(Could exceed \$5,532,076)	(Could exceed \$5,532,076)

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Federal Funds (MCHCP)	(Could exceed \$3,168,000)	(Could exceed \$3,168,000)	(Could exceed \$3,168,000)
Total Estimated Net Effect on <u>All</u> Federal Funds	(Could exceed \$3,168,000)	(Could exceed \$3,168,000)	(Could exceed \$3,168,000)

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on FTE	0	0	0

- ☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- ☐ Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Local Government	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

*Increase in insurance coverage.

FISCAL ANALYSIS

ASSUMPTION

§1 – Pharmacy Reimbursement

Officials from the **Missouri Consolidated Health Care Plan (MCHCP)** assume this section of the proposed legislation requires pharmacy benefit managers (PBMs) reimburse pharmacies a dispensing fee of at least \$15 for each prescription dispensed. In 2024, MCHCP's average dispensing fee was \$0.34 per script. The projected impact of increasing the dispensing fee to \$15 per script is unknown but greater than \$14,350,000.

Oversight will reflect the estimated cost by MCHCP, broken out as follows:

General Revenue Fund	\$9,040,500 (63%)
Federal Fund	\$3,157,000 (22%)
Other Fund	\$2,152,500 (15%)
Total	\$14,350,000 (100%)

Officials from the **Missouri Department of Transportation (MoDOT)** assume this section of the proposal increases the dispensing fee in. MoDOT assumes this section would have a greater impact on the plan. In 2024, the plan processed 212,891 claims at a dispensing fee of \$0.10 per claim. An additional cost of \$14.90 would be an annual negative impact to the plan of \$3,172,076.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect the estimated impact of \$3,172,076 to the State Road Fund.

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

Oversight assumes this legislation could affect other insurance plans such as the Missouri Department of Conservation and local political subdivisions. Since it is unknown how many claims each plan has processed, Oversight will reflect a \$0 or Unknown cost to both Other State Funds as well as Local Political Subdivisions.

§§338.010 & 338.740 – Pharmacists' Authority to Dispense Insulin

Officials from the **Department of Commerce and Insurance** and the **Department of Health and Senior Services** each assume this section of the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

§§376.687 and 376.689 - Insurance Coverage for Insulin Drugs and Epinephrine Auto-Injectors

Officials from the **Missouri Consolidated Health Care Plan (MCHCP)** assume this proposal establishes provisions relating to insurance coverage for insulin drugs and epinephrine auto-injectors

MCHCP notes that eighty percent of MCHCP members are on a PPO plan that includes prescription copays. Insulin cost sharing is at half of the applicable copay for those PPO Plan members; thus, this bill would ultimately not change their cost share amount as many are paying no more than \$20 for a thirty-day supply. This proposed bill would have more impact on insulin coverage for those enrolled in MCHCP's high deductible plan, the HSA Plan. MCHCP has been making plan design changes to reduce member cost-sharing responsibilities for diabetic medications, including insulin. Insulin now bypasses the HSA Plan members' deductible, and they have reduced coinsurance for these drugs. In addition, manufacturers have recently been lowering the price of insulin. With these changes there would be a relatively small amount that MCHCP would have to absorb to keep insulin cost-sharing at a maximum of \$35. MCHCP estimates that this bill would have a minimal impact on the plan with a cost not to exceed \$50,000.

Oversight will reflect the estimated cost by MCHCP, broken out as follows:

General Revenue Fund	\$31,500 (63%)
Federal Fund	\$11,000 (22%)
Other Fund	\$7,500 (15%)
Total	\$50,000 (100%)

Officials from the **Missouri Department of Transportation (MODOT)** state this legislation would put a cap on the amount an insured is required to pay for insulin. The remainder of the cost would be required to be paid for by the insurer. As a self-funded medical plan, MoDOT/MSHP would be required to cover these costs. The cost would increase annually with the increase in prescription drug costs, and this would contribute to an increase in health insurance premiums. Based on current utilization of insulin in the health plan, MoDOT expects a first-year negative fiscal impact of \$200,000 in FY 2026 from the State Road Fund.

Oversight notes that MODOT has stated the proposal would have a first-year fiscal impact \$200,000 with a potential to increase each year. Oversight does not have any information to the contrary. Therefore, Oversight will use MoDOT's estimated cost \$200,000 to the State Road Fund (320) in FY 2026 and a "Could Exceed \$200,000" in FY 2027 and FY 2028.

Officials from the **City of Kansas City (City)** state this proposal could have a negative fiscal impact on Kansas City in an indeterminate amount if it resulted in a raise in the health insurance premiums paid by the City.

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

Oversight assumes this legislation could affect other insurance plans such as the Missouri Department of Conservation and local political subdivisions. Since it is unknown whether the provisions of this proposal will result in an increase in insurance premiums or not, Oversight will reflect a \$0 or Unknown cost to both Other State Funds as well as Local Political Subdivisions.

Officials from the **Department of Commerce and Insurance (DCI)** assume the proposal also requires the Department, in conjunction with the Department of Health and Senior Services to publish a report by November 1, 2025 which outlines insulin, diabetes device, and epinephrine auto-injector pricing practices and variables that contribute to pricing of health plans, as well as policy recommendations to control and prevent overpricing of such products, and other information the Department finds necessary.

The Department of Commerce and Insurance would need to hire consultants to conduct the study and draft the report, as they do not have expertise in this area. Due to changes in budget outlook, DCI would not be able to absorb the additional costs as noted in previous fiscal notes. It is estimated that the consultant would cost a minimum of \$250,000.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect the impact as estimated by DCI in the fiscal note.

Officials from the **Department of Health and Senior Services**, the **Oversight Division** and the **Department of Social Services** each assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

In response to a previous version, officials from the **City of O'Fallon** assumed the proposal will have no fiscal impact on their respective organizations.

Officials from the **Department of Public Safety - Missouri Highway Patrol** defer to the MoDOT/MSHP Medical Plan for the potential fiscal impact of this proposal.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other cities and various county officials were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
GENERAL REVENUE FUND			
<u>Cost – MCHCP §1 p. 3</u> \$15 Pharmacy reimbursement	(Could exceed \$9,040,500)	(Could exceed \$9,040,500)	(Could exceed \$9,040,500)
<u>Cost – MCHCP §376.687 p. 4</u> Epinephrine auto-injector coverage	(\$31,500)	(\$31,500)	(\$31,500)
<u>Cost – DCI §376.689 p. 5</u> Consultant to conduct study	(Could exceed \$250,000)	\$0	\$0
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	(Could exceed \$9,322,000)	(Could exceed \$9,072,000)	(Could exceed \$9,072,000)
OTHER STATE FUNDS			
<u>Cost – MCHCP §1 p. 3</u> \$15 Pharmacy reimbursement	(Could exceed \$2,152,500)	(Could exceed \$2,152,500)	(Could exceed \$2,152,500)
<u>Cost – MCHCP/MDC §376.687 p. 4</u> Epinephrine auto-injector coverage	(Could exceed \$7,500)	(Could exceed \$7,500)	(Could exceed \$7,500)
ESTIMATED NET EFFECT TO OTHER STATE FUNDS	(Could exceed \$2,160,000)	(Could exceed \$2,160,000)	(Could exceed \$2,160,000)

STATE ROAD FUND (0320)			
<u>Cost – MoDOT §1 p. 3</u> \$15 Pharmacy reimbursement	(\$3,172,076)	(\$3,172,076)	(\$3,172,076)
<u>Cost – MoDOT §376.687 p. 4</u> Epinephrine auto-injector coverage	(\$200,000)	(Could exceed \$200,000)	(Could exceed \$200,000)
ESTIMATED NET EFFECT TO THE STATE ROAD FUND (0320)	<u>(\$3,372,076)</u>	<u>(Could exceed \$3,372,076)</u>	<u>(Could exceed \$3,372,076)</u>
FEDERAL FUNDS			
<u>Cost – MCHCP §1 p. 3</u> \$15 Pharmacy reimbursement	(Could exceed 3,157,000)	(Could exceed 3,157,000)	(Could exceed 3,157,000)
<u>Cost – MCHCP §376.687 p. 4</u> Epinephrine auto-injector coverage	(\$11,000)	(\$11,000)	(\$11,000)
ESTIMATED NET EFFECT TO FEDERAL FUNDS	<u>(Could exceed \$3,168,000)</u>	<u>(Could exceed \$3,168,000)</u>	<u>(Could exceed \$3,168,000)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
LOCAL POLITICAL SUBDIVISIONS*			
<u>Cost – Local Political Subdivision</u> \$15 Pharmacy reimbursement §1 p. 3	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<u>Costs - Local Political Subdivisions</u> Epinephrine auto-injector and prescription insulin drug coverage §§ 376.687 and 376.689 p. 4	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>

*Increase in insurance coverage.

FISCAL IMPACT – Small Business

Small businesses that provide health insurance to their employees could be impacted by this proposal.

FISCAL DESCRIPTION

DISPENSATION OF INSULIN (Sections 338.010 and 338.740)

This bill expands the practice of pharmacy to include the dispensing of an emergency supply of insulin. A pharmacist may dispense an emergency supply of insulin to a patient without a current, valid prescription if:

- (1) The pharmacist attempts but is unable to obtain authorization to refill the prescription from the prescribing provider;
- (2) The pharmacist has a record of prescription or has been presented proof of a recent prescription, or in the pharmacist's judgment the refusal to dispense an emergency supply of insulin will endanger the patient's health;
- (3) The amount of insulin dispensed does not exceed the amount of the most recent prescription or the standard quantity or unit-of-use package of the drug; and
- (4) The prescriber of the drug has not indicated that no emergency refills are authorized.

A pharmacist, the pharmacist's employer, and the original prescriber are not civilly liable for an act or omission in connection with dispensing insulin under the provisions of this bill unless the act or omission constitutes negligence, recklessness, or willful or wanton misconduct.

The Board of Pharmacy, in consultation with the State Board of Registration for the Healing Arts and the State Board of Nursing, must adopt rules to establish standard procedures for pharmacists to follow in dispensing insulin, as specified in the bill.

COST OF PRESCRIPTIONS (Sections 376.687 and 376.689)

This bill requires insurers that provide coverage for diabetes devices, epinephrine delivery devices, or prescription insulin drugs to limit the total amount that an insured is required to pay for the following:

- (1) For a 30 day supply of covered and prescribed insulin drugs, not more than \$35;
- (2) For one covered and prescribed diabetes device, not more than \$100; and

(3) For one covered epinephrine delivery device, not more than \$100.

The limit can increase yearly based on a percentage equal to the percentage change from the preceding year in the medical care component of the Consumer Price Index.

The Department of Commerce and Insurance, in conjunction with the Department of Health and Senior Services, and the Department of Social Services, must make a report available to the public of findings from each department, as specified in the bill, by October 31, 2025.

This provision terminates on January 1, 2026.

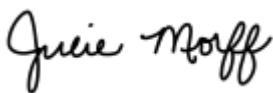
PHARMACY BENEFIT MANAGERS (Section 1)

This bill prohibits pharmacy benefits managers from reimbursing pharmacies less than the actual acquisition cost of a drug for each drug dispensed by the pharmacy. In addition to the reimbursement amount, the bill requires pharmacy benefits managers to pay to the pharmacy a dispensing fee of at least \$15 for each dispensed prescription drug.

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 Health and Senior Services
Department of Social Services
Department of Public Safety - Missouri Highway Patrol
Department of Transportation
Missouri Department of Conservation
City of Kansas City
City of O'Fallon
Missouri Consolidated Health Care Plan



Julie Morff
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May 8, 2025



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May 8, 2025