

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0445-05
Bill No.: SCS for SB's 75 & 353
Subject: Boards, Commissions, Committees, Councils; Drugs and Controlled Substances; Elderly; Federal-State Relations; Health Care; Health Department; Medicare
Type: Original
Date: March 15, 2005

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2006 | FY 2007 | FY 2008 |
| | | | |
| | | | |
| Total Estimated Net Effect on General Revenue Fund | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|----------------------|------------|------------|
| FUND AFFECTED | FY 2006 | FY 2007 | FY 2008 |
| Missouri Senior Prescription Drug Plan Fund* | (\$1,480,945) | \$0 | \$0 |
| | \$0 | \$0 | \$0 |
| Total Estimated Net Effect on <u>Other</u> State Funds | (\$1,480,945) | \$0 | \$0 |

*Costs of program subject to appropriations
 Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 5 pages.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2006 | FY 2007 | FY 2008 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|--|----------------|----------------|----------------|
| FUND AFFECTED | FY 2006 | FY 2007 | FY 2008 |
| Local Government | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri House of Representatives**, the **Department of Insurance**, the **Department of Social Services**, the **Lieutenant Governor**, the **Missouri Senate**, the **State Treasurer's Office** and the **Department of Mental Health** assume this proposal would not fiscally impact their agencies.

The **Office of Attorney General** assume that any potential costs arising from this proposal can be absorbed with existing resources.

Officials from the **Office of the Secretary of State (SOS)** state this proposal changes the expiration date of the Senior Rx Program in the Department of Health and Senior Services. The DOH may promulgate rules to reflect these changes. Based on experience with other divisions, the rules, regulations and forms issued by the Department of Health and Senior Services could require as many as 6 pages in the Code of State Regulations. For any given rule, roughly one-half again as many pages are published in the Missouri Register as are published in the Code because cost statements, fiscal notes and notices are not published in the Code. The estimated cost of a page in the Missouri Register is \$23.00. The estimated cost of a page in the Code of

ASSUMPTION (continued)

State Regulations is \$27.00. The actual costs could be more or less than the numbers given. The fiscal impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded and withdrawn. The SOS estimates the cost of this legislation to be \$246 in FY 06.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Department of Health and Senior Services (DOH)** assumes this proposal extends the current program for approximately 18 days.

DOH states Medicare Part D would provide Medicare beneficiaries with prescription drug benefits beginning January 2006. DHSS estimates 60% of the Missouri Senior Rx members would receive greater benefits under Medicare Part D, and approximately 40% of the current Missouri Senior Rx members would incur additional costs (such as the monthly premium and no drug assistance during the "gap" expenses) with the Medicare program. Additional complications are expected for all Medicare eligibles in timely selecting and enrolling with a prescription drug provider plan that covers the prescriptions needed.

Members and benefits

Only current program members would continue receiving benefits of prescription drug coverage. The program would not begin an enrollment period in January 2006.

Program Revenues (Rebates)

DOH assumes continued collection of rebates. Typically, rebates are collected between 3 – 6 months after the prescription is purchased.

Personnel and Related Costs

DOH assumes that the current Senior Rx Program staff would be sufficient staff to operate the program for the remainder of the month.

| <u>FISCAL IMPACT - State Government</u> | FY 2006 (10 Mo.) | FY 2007 | FY 2008 |
|--|-----------------------------|-------------------|-------------------|
| MISSOURI SENIOR PRESCRIPTION DRUG PLAN FUND | | | |
| <u>Income</u> - Department of Health and Senior Services | | | |
| Rebates | \$235,500 | \$0 | \$0 |
| <u>Costs</u> - Department of Health and Senior Services | | | |
| Personal Service | (\$56,555) | \$0 | \$0 |
| Fringe Benefits | (\$24,126) | \$0 | \$0 |
| Expense and Equipment | (\$10,574) | \$0 | \$0 |
| Drug costs | (\$1,625,190) | \$0 | \$0 |
| Total <u>Costs</u> - Department of Health and Senior Services | (\$1,716,445) | | |
| ESTIMATED NET EFFECT ON MISSOURI SENIOR PRESCRIPTION DRUG PLAN FUND | | | |
| | <u>(\$1,480,945)</u> | <u>\$0</u> | <u>\$0</u> |
| <u>FISCAL IMPACT - Local Government</u> | | | |
| | FY 2006 (10 Mo.) | FY 2007 | FY 2008 |
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

FISCAL IMPACT - Small Business

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

DESCRIPTION

Under this act, the provisions of the Missouri Senior Rx Program shall terminate after notice is provided to the Revisor that the Medicare Act of 2003 has been fully implemented.

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

Lieutenant Governor
Missouri House of Representatives
Department of Mental Health
Office of Attorney General
Department of Health and Senior Services
Department of Social Services
Department of Insurance
Missouri Senate
State Treasurer's Office
Office of Secretary of State



Mickey Wilson, CPA
Director
March 15, 2005