

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4717-06
Bill No.: Truly Agreed To and Finally Passed CCS for SB 1068
Subject: Pharmacy; Medicaid; Treasurer, State
Type: Original
Date: May 30, 2008

Bill Summary: This legislation creates the Pharmacy Rebates Fund which will consist of all revenues received from pharmaceutical manufacturer rebates for use in the MO HealthNet Pharmacy Program.

This legislation creates the Missouri Fibromyalgia Awareness Initiative Program and allows a health care professional with prescriptive authority to override the restricted use of medications for fibromyalgia patients.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	(\$93,918)	(\$99,880)	(\$102,173)
Total Estimated Net Effect on General Revenue Fund	(\$93,918)	(\$99,880)	(\$102,173)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
DHSS Donated*	\$0	\$0	\$0
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

*Unknown income and costs would net to \$0.

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	1 FTE	1 FTE	1 FTE
Total Estimated Net Effect on FTE	1 FTE	1 FTE	1 FTE

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue, Missouri Consolidated Health Care Plan, Department of Mental Health, Department of Conservation, State Auditor's Office, Office of the State Courts Administrator** and the **Office of the Missouri State Treasurer** each assume the proposal would have no fiscal impact on their respective agencies.

Officials from the **Office of the Attorney General** assumes that with respect to the provision relating to pharmacy audits (Section 338.600) any potential costs arising from this proposal can be absorbed with existing resources.

Officials from the **Department of Insurance, Financial Institutions & Professional Registration (DIFP)** state that having reviewed the proposed legislation and having sought the conclusion of the appropriate board(s), DIFP are of the opinion that this proposal in its present form has no fiscal impact to the Department.

Officials from the **Department of Social Services (DSS)** assume the Pharmacy Rebates Fund is currently used as a funding source for four appropriations within the DSS Budget (HB 11). The four appropriations are MHD Administration, Pharmacy, SCHIP, and the Supplemental Pool. The majority of the rebates are designated as a funding source in the Pharmacy appropriation. Since SCHIP funds are used to support payments to providers, including pharmacists, for medical services for SCHIP eligibles, this would also be a permissible use under this legislation. (The amount currently appropriated to SCHIP from the Pharmacy Rebate Fund is \$225,430.)

The current amounts appropriated to the other appropriations are:

MHD Administration	\$ 23,427
Supplemental Pool	\$ _____ 1(E)
Total	\$ 23,428

Therefore, if the legislation would pass, the fiscal impact would be that a GR replacement would be needed in those appropriations.

ASSUMPTION (continued)

Officials from the **Department of Health and Senior Services** states the following:

Section 338.410:

The proposed legislation creates the Missouri Fibromyalgia Panel within DHSS and requires the Department to provide the panel and program necessary administrative services and support. DHSS will need a Health Program Representative III (HPR III) to provide support and consultation for technical aspects of the program by promoting public awareness activities and disseminating the latest knowledge about fibromyalgia. This position will also be responsible for overseeing the planning and implementation of project activities; coordination with other agencies; development of educational materials; in-service and technical assistance; and ensuring appropriate evaluation of program efforts.

The legislation does not specify how large or how often the panel is to meet, so for fiscal note purposes, DHSS assumes the panel would be comprised of twelve members, who would meet four times per year. Although the panel shall act in voluntary capacity, DHSS assumes meeting expenses such as travel, lodging, and food would be reimbursed to members of the panel. For fiscal note purposes, DHSS assumes an estimated cost of \$160/member/meeting for lodging, meals, and mileage (12 members X 4 meetings/year X \$160/member/meeting = \$7,680). Funding for the program staff and panel operating costs would be paid from General Revenue.

The legislation tasks the panel with raising at least fifty thousand dollars through private funding for the purpose of establishing a public information and outreach campaign for issues related to fibromyalgia, including appropriate educational material to promote early diagnosis and treatment, prevention of complications, improvement of quality of life at home and in the workplace, and addressing mental health and disability issues of fibromyalgia patients. The panel shall also work with other state and local agencies to promote fibromyalgia education and training programs for physicians and other health professionals.

The panel shall seek and is authorized to accept private, federal, or other public financial support, grants, or other appropriate moneys to support the program. Section 338.410 also states, "This section shall be implemented only to the extent that the panel obtains private funding for the purpose of this section." DHSS assumes the Missouri Fibromyalgia Awareness Initiative Program will only be implemented if sufficient private funding is sufficient to cover the programs expenses. DHSS assumes the amount of funding donated through private sources for the program is unknown, and therefore corresponding program costs for the awareness campaign is also unknown.

ASSUMPTION (continued)

Section 338.650:

This section creates the Pharmacy Rebates Fund and requires any revenues received from the state from pharmaceutical manufacturer rebates to be deposited into the fund, except where federal law requires rebates to be accounted for otherwise. The Department of Health and Senior Services administers the AIDS Drug Assistance Program (ADAP), which receives rebate funding from pharmaceutical companies for medication costs. However, federal law requires the rebate funding to be used for the ADAP program, therefore any rebate funding under this program would not be deposited into the Pharmacy Rebates Fund. Therefore, the Department assumes no fiscal impact relating to this section of the bill.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
GENERAL REVENUE FUND			
<u>Costs - Department of Social Services</u>			
MHD Admin & Supplemental Costs	<u>(\$23,428)</u>	<u>(\$23,428)</u>	<u>(\$23,428)</u>
<u>Costs - Department of Health and Senior Services</u>			
Personal Service	(\$31,075)	(\$38,409)	(\$39,561)
Fringe Benefits	(\$14,065)	(\$17,384)	(\$17,905)
Equipment and Expense	<u>(\$25,350)</u>	<u>(\$20,659)</u>	<u>(\$21,279)</u>
<u>Total Costs - DHSS</u>	<u>(\$70,490)</u>	<u>(\$76,452)</u>	<u>(\$78,745)</u>
FTE Change - DHSS	1 FTE	1 FTE	1 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$93,918)</u>	<u>(\$99,880)</u>	<u>(\$102,173)</u>
Estimated Net FTE Change for General Revenue Fund	1 FTE	1 FTE	1 FTE

DHSS DONATED FUND

<u>Income</u> - Department of Health and Senior Services	Unknown	Unknown	Unknown
<u>Costs</u> - Department of Health and Senior Services	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

ESTIMATED NET EFFECT ON DHSS DONATED FUND **\$0** **\$0** **\$0**

<u>FISCAL IMPACT - Local Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
	<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.

FISCAL DESCRIPTION

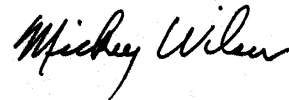
The proposed legislation establishes the Missouri Fibromyalgia Awareness Initiative Program within the Department of Health and Senior Services and requires the Department to establish the Missouri Fibromyalgia Panel. The Department must provide the program and the panel with necessary administrative services and support.

The proposed legislation establishes the Pharmacy Rebates Fund for the purposes of depositing any revenues received by the state from pharmaceutical manufacturer rebates as required by state or federal law for use in the MO HealthNet pharmacy program.

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 Revenue
Department of Social Services
Office of the Missouri State Treasurer
Missouri Consolidated Health Care Plan
Department of Mental Health
Department of Conservation
State Auditor's Office
Office of the State Courts Administrator
Office of the Attorney General
Department of Insurance, Financial Institutions & Professional Registration
Department of Health and Senior Services



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Director
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