

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5569-06
Bill No.: Truly Agreed To and Finally Passed SS for SCS for HCS for HB 1563
Subject: Pharmacy; Drugs and Controlled Substances; Emergencies
Type: Original
Date: June 1, 2012

Bill Summary: Modifies provisions relating to prescription drugs.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Insurance Dedicated	Up to \$5,000	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	Up to \$5,000	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on FTE	0	0	0

- 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 2013	FY 2014	FY 2015
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of State Courts Administrator**, the **Department of Economic Development**, the **Department of Mental Health**, the **Department of Labor and Industrial Relations**, the **Missouri Department of Transportation**, the **Missouri Consolidated Health Care Plan**, the **Missouri Department of Conservation**, the **Missouri House of Representatives**, the **Missouri Senate**, **Linn State Technical College**, **Metropolitan Community College**, **Missouri State University**, **Missouri Western State University**, **Northwest Missouri State University**, the **University of Central Missouri**, and the **University of Missouri** assume the proposal will have no fiscal impact on their organizations.

Officials from the **Office of the Governor (GOV)** do not anticipate the GOV will incur added costs as a result of this proposal. However, if additional duties are placed on the office related to appointments in other TAFP legislation, there may be the need for additional staff resources in future years.

Officials from the **Joint Committee on Administrative Rules (JCAR)** state the legislation is not anticipated to cause a fiscal impact to JCAR beyond its current appropriation.

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

Officials from the **Office of Prosecution Services (OPS)** assume the proposal will have no measurable fiscal impact on the OPS.

Officials from the **Department of Higher Education (DHE)** state Section 173.1400 would add a new duty to the DHE with regard to developing a form for use by institutions as verification of school social work program completions. The DHE anticipates that this can be accomplished utilizing existing department resources and, therefore, would have no direct, foreseeable fiscal impact on the department.

Officials from the **Department of Social Services (DSS) - MO HealthNet Division (MHD)** state this legislation allows a pharmacist, in good faith, to sell and dispense controlled substances to any person upon a prescription of a practitioner in another state. This legislation has no impact on the Department of Social Services.

The legislation also allows the sales of prescription drugs between pharmacies, which are not to exceed 5% of the pharmacy's total annual prescription drug sales. The sales of prescription drugs between pharmacies has no impact on the Department of Social Services.

ASSUMPTION (continued)

This legislation also establishes a committee to facilitate, monitor, and report to the General Assembly on the establishment of national electronic prior authorization standards. There is no immediate impact as a result of this legislation; however, the establishment of National standards could have a fiscal impact, if the recommended standards would require the State to make significant system changes to comply with the new standards.

Officials from the **Office of Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office 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 \$2,500. The SOS recognizes this is a small amount and does not expect that additional funding would be required to meet these costs.** However, it is also recognized 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 within 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.**

Officials from the **Department of Corrections (DOC)** state the penalty provisions for violations, the component of the bill to have a potential fiscal impact for DOC, is for up to a class D felony. Currently, the DOC cannot predict the number of new commitments which may result from the creation of the offense(s) outlined in this proposal. An increase in commitments depends on utilization by prosecutors and the actual sentences imposed by the court.

If additional persons are sentenced to the custody of the DOC due to the provisions of this legislation, the DOC will incur a corresponding increase of direct offender costs either through incarceration (FY 11 average of \$16.878 per offender, per day, or an annual cost of \$6,160 per inmate) or through supervision provided by the Board of Probation and Prolongation (FY 11 average of \$5.03 per offender, per day, or an annual cost of \$1,836 per offender).

The DOC assumes because the narrow scope of the crime will not encompass a large number of offenders, the low felony status of the crime enhances the possibility of plea-bargaining or imposition of a probation sentence, and the probability that offenders would be charged with a similar but more serious offense or that sentences may run concurrent to one another, that supervision by the DOC through probation or incarceration would result in some additional costs, but it is assumed the impact would be \$0 or a minimal amount that could be absorbed within existing resources.

ASSUMPTION (continued)

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** provide the following assumptions:

Sections 337.300 to 337.347:

These sections modify provisions relating to behavior analysts and the Behavior Analyst Advisory Board. Insurers would be required to submit amendments to their policies to comply with the legislation. Policy amendments must be submitted to the department for review along with a \$50 filing fee. The number of insurance companies writing these policies in Missouri fluctuates each year. One-time additional revenues to the Insurance Dedicated Fund are estimated to be up to \$5,000.

Additional staff and expenses are not being requested with this single proposal, but if multiple proposals pass during the legislative session which require policy form reviews, the DIFP will need to request additional staff to handle the increase in workload.

Section 337.647:

This section requires the State Committee for Social Work to issue certificates and collect a fee which will require additional work for the committee. The DIFP believes that this can be done with a minimal fee charge and no additional FTE. However, if the work is more extensive than expected, additional expenses and/or FTE will be requested through the budget process.

Section 338.320:

This section establishes the Missouri Electronic Prior Authorization Committee. The DIFP assumes the provisions of this section can be handled within their current appropriations. The DIFP assumes the provisions of subsection 338.320.4 which states “the staff of the Department of Insurance, Financial Institutions and Professional Registration shall provide assistance to the committee”, would be limited to providing support for the chairman of the committee; the Insurance Divisions, the Board of Healing Arts and the Board of Pharmacy would provide information pertaining to their applicable statutes, rules and regulations on an as needed basis and would not serve as committee members; and committee members would not be reimbursed for travel expenses and per diem. The department assumes the provisions of subsection 338.320.5 which includes recruiting a pharmacy benefit manager to conduct the pilot program, would not be completed by DIFP. However, if the intent of the legislation is outside these assumptions and/or the cost and extent of the work be more than anticipated, the DIFP would request additional appropriations and/or FTE through the budget process.

ASSUMPTION (continued)

Officials from the **Department of Health and Senior Services (DHSS)** state this language would allow the DHSS to provide Employee Disqualification List (EDL) information to consumer reporting entities, but department staff will have to physically enter the employer information into the system (the consumer reporting agency would have to identify the specific entity requesting the EDL check and the DHSS would have to determine whether that entity was one listed in subdivisions (1), (2), (5) or (6)).

It is unknown how many checks would be requested. An employee can complete roughly 25 checks per hour. If the number of checks became too great for current staff to handle, an additional employee would need to be added. These duties are currently performed by a Senior Office Support Assistant (SOSA). Assuming the additional employee would be at the same classification, the salary in the first year would be \$20,480 (entry plus two steps), plus \$11,034 for standard expense and equipment costs and \$16,110 fringes and indirect.

Total expenditures will be split 27% state; 73 % Federal and are estimated for the fiscal note period as follows:

FY 13	\$11,381 General Revenue/ \$36,243 Federal;
FY 14	\$12,188 General Revenue/ \$39,556 Federal; and
FY 15	\$12,339 General Revenue/ \$40,031 Federal

Since the DHSS states it is unknown how many checks would be requested as a result of this legislation, **Oversight** assumes current DHSS staff would be able to handle the employer checks submitted by consumer reporting agencies. However, if the number of consumer reporting agency requests resulted in a significant increase in the checks performed by the department, the DHSS could request the additional staff through the appropriations process.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
INSURANCE DEDICATED FUND			
<u>Income - DIFP</u>			
Form filing fees	<u>Up to \$5,000</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND	<u>Up to \$5,000</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

The proposal may have an administrative impact on small business pharmacies that have to establish and maintain inventories and records of all transactions regarding the receipt and distribution or other disposition of legend drugs.

FISCAL DESCRIPTION

The proposal authorizes accredited Missouri colleges and universities to issue a document that verifies and acknowledges completion of a school social work program. An individual seeking the document must have a degree in social work and hold a credential in school social work from a nationally recognized credentialing organization or have passed a school social work examination approved by the State Committee for Social Workers within the Department of Insurance, Financial Institutions and Professional Registration. The Department of Higher Education must develop the document.

The proposal requires the Department of Elementary and Secondary Education, State Board of Education, and Office of Educator Quality to recognize certified school social workers. The State Committee for Social Workers within the Department of Insurance, Financial Institutions and Professional Registration must issue a certificate to any person making application if the person has obtained a degree in social work from an accredited college or university and holds a valid professional license of social work issued by the state committee and a credential in school social work issued by a nationally recognized credentialing organization in social work as a certified school social worker.

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

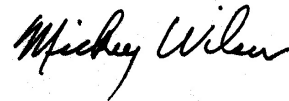
SOURCES OF INFORMATION

Office of Attorney General
Office of State Courts Administrator
Department of Economic Development
Department of Higher Education
Department of Insurance, Financial Institutions, and Professional Registration

HWC:LR:OD

SOURCES OF INFORMATION (continued)

Department of Mental Health
Department of Corrections
Department of Health and Senior Services
Department of Labor and Industrial Relations
Department of Social Services
Missouri Department of Transportation
Office of the Governor
Missouri Consolidated Health Care Plan
Joint Committee on Administrative Rules
Missouri Department of Conservation
Missouri House of Representatives
Missouri Senate
Office of Prosecution Services
Office of Secretary of State
Linn State Technical College
Metropolitan Community College
Missouri State University
Missouri Western State University
Northwest Missouri State University
University of Central Missouri
University of Missouri



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