

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4209-11
Bill No.: Truly Agreed To and Finally Passed CCS for HCS for SCS for SB 718
Subject: Drugs and Controlled Substances; Pharmacy; Physicians
Type: Original
Date: June 18, 2018

Bill Summary: This proposal modifies provision relating to health care.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
General Revenue Fund	(\$35,000)	(\$237,793)	(\$231,862)
Total Estimated Net Effect on General Revenue	(\$33,500)	(\$237,793)	(\$231,862)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on <u>All</u> Federal Funds*	\$0	\$0	\$0

*Costs and Income of less than \$35,000 net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
General Revenue Fund	0 FTE	1 FTE	1 FTE
Total Estimated Net Effect on FTE	0 FTE	1 FTE	1 FTE

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 2019	FY 2020	FY 2021
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Section 208.183

Officials from the **Department of Social Services (DSS)** assume Section 208.183.1 creates the "Advisory Council on Rare Diseases and Personalized Medicine" (Advisory Council) to serve as an expert to the drug utilization review board (DUR).

The Advisory Council shall be appointed by the Director of the Department of Social Services (208.183.2) and be composed of two physicians affiliated with a public school of medicine (208.183.2(1)), two physicians affiliated with a private school of medicine (208.183.2(2)), a doctor of osteopathy actively practicing medicine and affiliated with a school of medicine (208.183.2(3)), two medical researchers from either academic or medical research organizations who have received federal or foundation grant funding for research (208.183.2(4)), a registered nurse or advanced practice registered nurse with experience treating rare diseases (208.183.2(5)), a pharmacist practicing in a hospital in Missouri designated as an orphan diseases center (208.183.2(6)), a professor employed by a pharmacy program that is fully accredited by the Accreditation Council for Pharmacy Education who has advanced scientific or medical training in orphan and rare disease treatment (208.183.2(7)), one individual who is living with a rare disease to represent the rare disease community (208.183.2(8)), one member who represents a rare disease foundation (208.183.2(9)), a representative from a rare disease center within a Missouri comprehensive pediatric hospital (208.183.2(10)), the chair of the joint committee on the life sciences or the chair's designee (208.183.2(11)), and the chairman of the drug utilization review board or the chairman's designee to serve as non-voting member of the advisory council (208.183.2(12)).

Section 208.183.3 requires the Director of the Department of Social Services to convene the first meeting of the advisory council by no later than February 28, 2019. All following meetings are to be called by the chairperson of the DUR.

Section 208.183.4 requires the DUR to request and consider information from the advisory council when determining beneficiary access to drugs for rare diseases.

Section 208.183.5 sets forth topics requiring DUR consultation with the advisory committee, to include cost sharing and utilization management.

ASSUMPTION (continued)

The advisory council's recommendations shall be in writing. (208.183.7) Where the DUR and the advisory council recommendations conflict, the DUR shall clarify the reasoning behind its decision in a publically available format. (208.183.8)

"Rare disease drug" is defined by 208.183.9 as a drug to treat a rare medical condition, which is defined as any disease or condition affecting fewer than 200,000 people in the United States.

Members of the advisory council are required annually to sign a conflict of interest statement revealing economic or other relationships with entities that could influence a member's decisions. 208.183.10 permits up to 80% of advisory council members to have a conflict of interest with respect to any insurer, pharmaceutical benefits manager, or pharmaceutical manufacturer.

This legislation states there will be a total of 15 board members on the advisory council. Also attending the board meetings would be approximately 9 MO HealthNet staff. The cost of the meals per meeting was calculated by using Missouri's food per diem for instate travel.

The maximum cost for lunch in Jefferson City is \$10.00 per day per person. The total cost for meals was calculated by taking 15 board members multiplied by \$10.00 which equals \$150.00 ($\$10.00 \times 15 = \150.00) for each meeting. MHD assumes there will be 1 meeting per quarter and lunch would be catered.

For FY19 the start date of the advisory council would be February 28, 2019; therefore, FY19 is calculated at 6 months (2 meetings). Mileage was calculated by using an average from the DUR board of 7 members that submitted expense reports. The mileage reimbursement for the state of Missouri is calculated at \$0.37 per mile.

Lodging was calculated by using the maximum paid by the state of Missouri of \$89.00 per night. Copies of the packets for the meeting were calculated by using the department max for color ink at \$0.05 per copy and for black and white at \$0.0082 per copy. Cost of paper is at a rate of \$0.05 per sheet. Packets used for the PA/DUR board meeting consists of approximately 5 color slides and 100 sheets of paper.

The Department of Social Services assumes that costs for advisory council meetings would not eligible for federal funding and therefore is calculated to all be general revenue costs.

The DSS estimates the fiscal impact of this proposal to be \$4,296 for FY19 and \$8,593 for each FY20 and FY 21.

ASSUMPTION (continued)

Oversight assumes the DSS could absorb this minimal fiscal impact within existing appropriation levels.

Section 630.875 - Improved Access to Treatment for Opioid Addictions (IATOA) Program

Officials from the **Department of Mental Health (DMH)** assumes this legislation requires the DMH to create and oversee the Improved Access to Treatment for Opioid Addictions (IATOA) Program. The DMH will expend resources in creating and running this program. The cost to DMH may be reduced as the development of curriculum and examinations on opioid addiction and treatment is discretionary. The DMH will facilitate partnerships between assistant physicians, physician assistants, and advanced practice registered nurses at FQHC's, rural health clinics, and other health care facilities and physicians across the state.

The DMH will be responsible for providing access to telemedicine and Extension for Community Healthcare Outcomes (ECHO) programs. There will be grant funding for FY 2019 to help with some of these requirements. Starting with year two, the DMH would have increased cost of \$241,023. In year three and thereafter, the DMH would need \$235,062 to continue the services.

Oversight has, for fiscal note purposes only, changed the starting salary for the Program Specialist II to correspond to the second step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees for a six month period and the policy of the Oversight Subcommittee of the Joint Committee on Legislative Research.

Section 632.005

Officials from the **Department of Social Services (DSS)** assume this legislation revises chapter 632 by adding definitions for psychiatric assistant physician and psychiatric physician assistant under chapter 334.

This legislation only adds definitions to chapter 632, but does not change MO HealthNet reimbursement under Chapter 208, RSMo, or impact MO HealthNet health care plans regulated under Chapter 376, RSMo.

ASSUMPTION (continued)

Therefore, MHD assumes there would be no fiscal impact for Managed Care or Fee for Service with regard to utilization of services. However, there would be an estimated negative impact of \$67,000 for adding a new specialty. The total cost includes updating rules, prior authorization processing, and updates to the ad hoc reporting tool. This impact would be in FY19, and would be a 50/50 split between State and Federal.

MHD assumes services provided by psychiatric physician assistant and psychiatric assistant physician will be paid from DMH budget, therefore MHD defers to DMH for costs associated.

Bill as a whole:

Officials from the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Office of the State Courts Administrator**, the **Department of Natural Resources**, the **Department of Insurance, Financial Institutions and Professional Registration**, the **Department of Public Safety - Missouri Highway Patrol**, the **Office of Administration**, each assume the proposal will have no fiscal impact on their respective organizations.

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

Officials from the **Office of the Secretary of State (SOS)** assume 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 Secretary of State's Office for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize 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 our office can sustain with our core budget. Therefore, we reserve 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.

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.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
GENERAL REVENUE FUND			
<u>Costs - DMH (\$630.875)</u>			
Personal service	\$0	(\$43,208)	(\$43,640)
Fringe benefits	\$0	(\$23,621)	(\$23,740)
Equipment and expense	\$0	(\$11,482)	(\$1,013)
Telehealth (ECHO) expense	<u>\$0</u>	<u>(\$159,482)</u>	<u>(\$163,469)</u>
Total <u>Costs</u> - DMH	<u>\$0</u>	<u>(\$237,793)</u>	<u>(\$231,862)</u>
FTE Change - DMH	0 FTE	1 FTE	1 FTE
 <u>Cost</u> - DSS (\$632.005)	 <u>(\$33,500)</u>	 <u>\$0</u>	 <u>\$0</u>
System Changes			
 ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	 <u>(\$33,500)</u>	 <u>(\$237,793)</u>	 <u>(\$231,862)</u>
 <u>FISCAL IMPACT - Local Government</u>			
	<u>FY 2019</u> (10 Mo.)	<u>FY 2020</u>	<u>FY 2021</u>
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small medical businesses could be impacted by the additional hours of continuing professional education requirements in this proposal.

FISCAL DESCRIPTION

This proposal establishes an program to improve access to treatment to opioid addiction.

This proposal changes provisions for mental health insurance coverage.


The proposal contains an emergency clause for certain sections relating to opioids.

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 Insurance, Financial Institutions and Professional Registration
Department of Social Services
Department of Health and Senior Services
Department of Mental Health
Office of Administration
Joint Committee on Administrative Rules
Office of the Secretary of State
Office of the State Courts Administrator
Department of Natural Resources
Department of Higher Education
Department of Public Safety
Missouri Highway Patrol

Ross Strope



Acting Director
June 18, 2018