

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4870-01
Bill No.: Perfected SB 722
Subject: Drugs and Controlled Substances; General Assembly; Health Care; Health and Senior Services Department; Pharmacy
Type: Original
Date: April 3, 2018

Bill Summary: This proposal requires the Department of Health and Senior Services to conduct a study regarding the importation of certain prescription drugs by the state.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
General Revenue	(\$69,153)	(\$36,878)	\$0
Total Estimated Net Effect on General Revenue	(\$69,153)	(\$36,878)	\$0

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 5 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

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
General Revenue	1 FTE	1 FTE (for 6 months)	0
Total Estimated Net Effect on FTE	1 FTE	1 FTE (for 6 months)	0

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

Officials from the **Department of Health and Senior Services (DHSS)** state section 192.340 would require the Division of Regulation and Licensure (DRL), Bureau of Narcotics and Dangerous Drugs to conduct a study regarding the process by which the state may import certain prescription drugs from other countries for eventual consumption by Missouri consumers. The DRL would require one Research Analyst III (\$41,114 annually) to conduct the research, compile, and analyze information to determine the feasibility of importation of the drugs from other countries. This individual would be responsible for consulting with the Missouri State Board of Registration for the Healing Arts, representatives of the pharmaceutical industry, patient advocates, and others representing persons who could be affected by importation. For fiscal note purposes, it is assumed the Research Analyst III will be employed through December 31, 2019.

DHSS estimates this proposal would have a cost to the General Revenue Fund of \$73,849 for FY 2019 and \$39,767 for FY 2020.

Oversight assumes the DHSS would not need additional rental space for one (1) new FTE for this single proposal. However, Oversight notes, depending on the number of proposals passed during the legislative session, that cumulatively, the DHSS may need additional rental space or capital improvements as determined by the Office of Administration, Facilities Management, Design and Construction.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** and the **Department of Social Services** each assume the proposal would not fiscally impact their respective agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
GENERAL REVENUE FUND			
<u>Costs - DHSS (\$192.340)</u>			
Personal service	(\$34,320)	(\$20,798)	\$0
Fringe benefits	(\$19,183)	(\$11,571)	\$0
Equipment and expense	<u>(\$15,650)</u>	<u>(\$4,509)</u>	<u>\$0</u>
Total <u>Costs - DHSS</u>	<u>(\$69,153)</u>	<u>(\$36,878)</u>	<u>\$0</u>
FTE Change - DHSS	1 FTE	1 FTE (for 6 months)	0 FTE
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$69,153)</u>	<u>(\$36,878)</u>	<u>\$0</u>
Estimated Net FTE Change on the General Revenue Fund	1 FTE	1 FTE (for 6 months)	0 FTE
 <u>FISCAL IMPACT - Local Government</u>			
	FY 2019 (10 Mo.)	FY 2020	FY 2021
	<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

Under this act, the Department of Health and Senior Services shall study the processes by which the state may import certain prescription drugs from other countries for Missouri consumers. The act details the goals of the study, including how the state may be certified to operate a prescription drug importation program, what drugs may be imported, the cost savings associated with importation, how imported drugs may be distributed and to whom, and consultation with experts. The Department shall report the study's findings and recommendations to the General Assembly by December 31, 2019.

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

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SOURCES OF INFORMATION

Department of Health and Senior Services
Department of Insurance, Financial Institutions and Professional Registration
Department of Social Services

Ross Strobe

A handwritten signature in black ink, appearing to read "Ross Strobe".

Acting Director
April 3, 2018