

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0377-01
Bill No.: SB 127
Subject: Drugs and Controlled Substances; General Assembly; Health Care; Health and Senior Services Department; Pharmacy
Type: Original
Date: March 4, 2019

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 2020 | FY 2021 | FY 2022 |
| General Revenue | (\$79,785) | (\$49,828) | \$0 |
| Total Estimated Net Effect on General Revenue | (\$79,785) | (\$49,828) | \$0 |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2020 | FY 2021 | FY 2022 |
| | | | |
| | | | |
| 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 2020 | FY 2021 | FY 2022 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------------|-----------------------------|----------------|
| FUND AFFECTED | FY 2020 | FY 2021 | FY 2022 |
| 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 2020 | FY 2021 | FY 2022 |
| Local Government | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

§192.340 - Study on the importation of certain prescription drugs

Officials from the **Department of Health and Senior Services (DHSS)** state the Division of Regulation and Licensure, Bureau of Narcotics and Dangerous Drugs would require one Research Analyst III (\$50,000 salary) to conduct the research, compile, and analyze information to determine the feasibility of importation of certain prescription drugs from other countries for eventual consumption by Missouri consumers. 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, 2020.

Oversight assumes the DHSS would not need additional rental space for 1 new FTE as a result of the provisions of this proposal. However, if multiple proposals pass during the legislative session requiring additional FTE, cumulatively the effect of all proposals passed may result in the DHSS needing additional rental space.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect the costs estimated by the DHSS in the fiscal note, less rental space related expenses.

Oversight notes that the **Department of Insurance, Financial Institutions and Professional Registration** and the **Department of Social Services** have stated the proposal would not have a direct fiscal impact on their organizations. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these organizations.

| <u>FISCAL IMPACT - State Government</u> | FY 2020 (10 Mo.) | FY 2021 | FY 2022 |
|---|--------------------------|--------------------------|-------------------|
| GENERAL REVENUE FUND | | | |
| <u>Costs - DHSS (\$192.340)</u> | | | |
| Personal service | (\$41,667) | (\$25,250) | \$0 |
| Fringe benefits | (\$23,206) | (\$20,306) | \$0 |
| Equipment and expense | <u>(\$14,912)</u> | <u>(\$4,272)</u> | <u>\$0</u> |
| Total <u>Costs - DHSS</u> | <u>(\$79,785)</u> | <u>(\$49,828)</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>(\$79,785)</u> | <u>(\$49,828)</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 2020 (10 Mo.) | FY 2021 | FY 2022 |
| | <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, 2020.

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



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March 4, 2019

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March 4, 2019