

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0402S.01I
Bill No.: SB 112
Subject: Commerce and Insurance, Department of; Consumer Protection; Contracts and
Contractors; Disabilities; Health Care; Health, Public; Insurance - Health;
Pharmacy;
Type: Original
Date: January 6, 2021

Bill Summary: This proposal enacts provisions relating to prescription drug costs.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
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 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on FTE	0	0	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 2022	FY 2023	FY 2024
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri Consolidated Health Care Plan (MCHCP)** state that MCHCP's contract includes 100 percent pass through of all rebates received by its Pharmacy Benefits Manager (PMB) to the Plan, which are then used to reduce premiums. With point-of-sale (POS) rebates, the amount of rebates that MCHCP could receive would go down and premiums could go up. The proposed bill applies to insulin only, so the impact would be less. However, the insulin category is one of the biggest categories for rebates, so it could still have an impact. MCHCP's actuary estimates the POS rebate impact to be unknown but less than \$100,000.

Oversight assumes the fiscal impact to MCHCP is an indirect cost (reduction of rebates may increase member premiums); therefore, Oversight will not reflect a cost to MCHCP as a result of this proposal. Oversight notes, if this results in an increase in premiums, the state could elect to pick up that additional cost. However, Oversight assumes this to be a potential indirect cost to the state.

Officials from the **Department of Commerce and Insurance**, the **Department of Social Services**, the **Department of Health and Senior Services**, the **Office of Administration**, the **Department of Transportation** and the **Missouri Department of Conservation** each assume the proposal will have no fiscal impact on their respective organizations.

Oversight notes that the above mentioned agencies have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

Officials from the **Department of Public Safety - Missouri Highway Patrol** defer to the Department of Transportation to estimate the fiscal impact of the proposed legislation on their organization.

Officials from the **City of Ballwin**, the **City of Corder**, the **City of Springfield** and the **City of St. Louis** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

SEQ CHAPTER \h \r 1 **Oversight** only reflects the responses that we have received from state agencies and political subdivisions; however, other cities were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in our database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	<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.

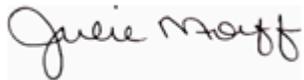
FISCAL DESCRIPTION

The proposed legislation appears to have no direct fiscal impact.

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 Commerce and Insurance
Department of Social Services
Department of Health and Senior Services
Missouri Consolidated Health Care Plan
Office of Administration
Department of Transportation
Missouri Department of Conservation
Department of Public Safety
 Missouri Highway Patrol
City of Ballwin
City of Corder
City of Springfield
City of St. Louis



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January 6, 2021



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January 6, 2021