

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3818S.01I
 Bill No.: SB 1178
 Subject: Federal - State Relations; Department of Health and Senior Services; Health Care; Hospitals; Pharmacy
 Type: Original
 Date: February 3, 2026

Bill Summary: This proposal enacts requirements for certain reporting regarding the federal 340b drug program.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue	(\$166,944)	(\$153,312)	(\$156,051)
Total Estimated Net Effect on General Revenue	(\$166,944)	(\$153,312)	(\$156,051)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
University of Missouri Healthcare	Could exceed (\$280,000)	Could exceed (\$280,000)	Could exceed (\$280,000)
Total Estimated Net Effect on <u>Other</u> State Funds	Could exceed (\$280,000)	Could exceed (\$280,000)	Could exceed (\$280,000)

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue	1 FTE	1 FTE	1 FTE
Total Estimated Net Effect on FTE	1 FTE	1 FTE	1 FTE

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Local Government	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

§191.1067 – Reporting Regarding the Federal 340b Drug Program

Officials from the **Department of Health and Senior Services (DHSS)** state Section 191.1064 of the proposed legislation would require all 340B covered hospitals to report information related to their 340B registration and all 340B eligible transactions to the department each year. Annual data would be required before April 1st of the following year. A list of 17 items is outlined in the proposed legislation. Transaction data would include medication acquisition costs, payments received for these medications, and how those funds were then utilized. It would also require covered hospitals to report annual data such as operating costs, costs for provision of charity care, the number and percentage of low-income patients and information regarding the organization's financial assistance policy for the reporting year. Finally, the proposed legislation requires the department to compile this information and submit a report to the legislature by November 15 of each year. Any covered hospital that fails to report would be fined \$1,000 per day.

DHSS officials estimate that there would be over 1,900 entities that would be required for reporting including hospitals, federally qualified health clinics (FQHCs), community-based organizations (CBOs) and Local Public Health Agencies (LPHAs). **DHSS** would likely need ITSD assistance in developing a reporting mechanism for this new project as well as a process for storing the information.

Should the proposed legislation become law; the **DHSS**, Division of Community and Public Health's (DCPH) Bureau of Health Care Analysis & Data Dissemination will need to develop a reporting tool to be utilized by the 1,212 340B covered hospitals active in Missouri. It will also need to aggregate the information reported and create the annual report for the legislature. The Department will need one full-time Senior Research Analyst to carry out the activities in the proposed legislation. This is assumed to be a position located in the Jefferson City office.

Oversight does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by the **DHSS**.

Oversight reached out to **DHSS** regarding an estimate of fines to be collected. **DHSS** officials state it is unknown how many hospitals may not respond to the survey before November 15th each year. The department works with hospitals to collect information, but there are no current fines associated with late responses.

Oversight does not have information to the contrary and therefore, Oversight will reflect the fiscal impact to hospitals as \$0 or (Unknown).

Oversight also notes that violations of §191.1067 could result in fines or penalties. Oversight also notes per Article IX Section 7 of the Missouri Constitution fines and penalties collected by counties are distributed to school districts. Fines vary widely from year to year and are distributed to the school district where the violation occurred. Oversight will reflect a positive fiscal impact of \$0 to Unknown to local school districts. For simplicity, Oversight will not reflect the possibility that fine revenue paid to school districts may act as a subtraction in the foundation formula.

Officials from the **Office of Administration (OA)/Information Technology Services Division (ITSD)** estimate a cost of \$26,309 in the first year. ITSD assumes that some changes would be needed to add a uniform resource locator (URL) to the current application for reporting and retention. A URL would need to be added to the current health care page or new page for reporting to be able to submit and collect reports for approximately 500 places. Records will need to be stored for 5 years. Tracking drugs, spending, and buying costs and reporting the savings passed on to patients would also be necessary.

ITSD assumes changes to current application will be needed to have a link posted on existing Bureau of Narcotics and Dangerous Drugs (BNDD) application will need some modifications (new fields, new logic, etc.) to accommodate the changes in the bill. The application would require developer time to create a link to URL for submissions and reporting.

Oversight does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by the OA/ITSD, DHSS.

Officials from **University of Missouri Health Care (UMHC)** state they have reviewed the proposed legislation and have determined that, as written, it could create expenses in excess of \$280,000.

Oversight does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by the UMHC.

Officials from the **Citizens Memorial Hospital District** state this proposal requires 340B-participating hospitals to submit 13 individual reporting elements for four different insurance types: Commercial, Medicaid, Medicare, and Uninsured. 340B hospitals already submit annual recertification data to the Health Resources and Services Administration (HRSA) and are subject to audits and reviews by HRSA and other entities. Sending another annual report to the Department of Health and Senior Services would include some duplication as well as new fields and based on a calendar year versus a fiscal year. The new reporting requirement must include information on the hospital's use of the federal 340B Drug Pricing Program, along with associated payments and expenditures.

New state reporting requirements along with continuously changing and variable manufacturer reporting requirements have resulted in significant increases in the Citizens Memorial Hospital District 340B program costs and staffing resources required to comply.

If enacted, Citizens Memorial Hospital District estimates these bills will cost the hospital \$691,360 for technology and additional personnel to support the Citizens Memorial Hospital District 340B program. The breakdown of costs is below:

Estimated cost to implement electronic medical record integrated compliance and reporting support software is \$500,000. Estimated annual salary for additional roles required is \$191,360.

Officials from the **DHSS** state the scope of the data requirements will be burdensome and difficult for many of the aforementioned 340B entities to provide. Many of the smaller CBOs may not have the capacity to provide the data and would be subject to the proposed fines.

Oversight notes that entities covered by this proposal may incur additional costs related to data collecting, data reporting and increased staffing. If multiple 340B entities incur costs to implement the provisions of this proposal, then the cost could be significant. Therefore, Oversight will reflect a fiscal impact of compliance with reporting obligations of “Unknown” to hospitals.

Officials from the **Department of Commerce and Insurance, Department of Social Services, Missouri Consolidated Health Care Plan, Missouri Department of Conservation, Missouri Department of Transportation** and **City of Kansas City** assume the proposal will have no 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 agencies.

Officials from the **Department of Public Safety, Missouri Highway Patrol** defer to the **Missouri Department of Transportation** for the potential fiscal impact of this proposal.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other city officials, county officials and hospitals were requested to respond to this proposed legislation but did not. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note. A general listing of political subdivisions included in our database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
GENERAL REVENUE			
<u>Cost – DHSS (§191.1067) p.3</u>			
Personal service	(\$72,028)	(\$88,163)	(\$89,926)
Fringe benefits	(\$42,583)	(\$51,795)	(\$52,504)
Equipment and expense	(\$26,024)	(\$13,354)	(\$13,621)
<u>Total Costs - DHSS</u>	<u>(\$140,635)</u>	<u>(\$153,312)</u>	<u>(\$156,051)</u>
FTE Change - DHSS	1 FTE	1 FTE	1 FTE
<u>Cost – OA/ITSD, DHSS (§191.1067) DHSS system reporting updates p.4</u>	<u>(\$26,309)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$166,944)</u>	<u>(\$153,312)</u>	<u>(\$156,051)</u>
Estimated Net FTE Change on General Revenue	1 FTE	1 FTE	1 FTE
UNIVERSITY OF MISSOURI HEALTHCARE			
<u>Cost – UMHC (§191.1067) Provisions regarding the federal 340b drug program p.4</u>	Could exceed <u>(\$280,000)</u>	Could exceed <u>(\$280,000)</u>	Could exceed <u>(\$280,000)</u>
ESTIMATED NET EFFECT ON THE UNIVERSITY OF MISSOURI HEALTHCARE	Could exceed <u>(\$280,000)</u>	Could exceed <u>(\$280,000)</u>	Could exceed <u>(\$280,000)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
LOCAL POLITICAL SUBDIVISIONS			
<u>Revenue Gain – Schools (§191.1067) Collection of fines and civil penalties p.3</u>	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Cost – Hospitals (§191.1067) Payment of civil penalties p.3</u>	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<u>Cost – Hospitals (§191.1067) Compliance with reporting obligations* p.5</u>	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	(Unknown)	(Unknown)	(Unknown)

*Per the DHSS and responding 340B entities, statewide potential costs of compliance with reporting obligations to hospitals is unknown, but significant.

FISCAL IMPACT – Small Business

DHSS officials state the Health Resources and Services Administration’s (HRSA) Office of Pharmacy Affairs (OPA) database of 340B covered entities currently lists 1,927 active entities in Missouri. 1,212 are classified as hospitals. 715 are locations such as federally qualified health clinics (FQHCs) and look-alikes, and community-based organizations (CBOs) and Local Public Health Agencies (LPHAs) providing family planning (Title X), tuberculosis, and sexually transmitted infection (STI) services.

The scope of the data requirements will be burdensome and difficult for many of the aforementioned 340B entities to provide. Many of the smaller CBOs may not have the capacity to provide the data and would be subject to the proposed fines.

FISCAL DESCRIPTION

This act requires 340B covered hospitals, as defined in the act, to report to the Department of Health and Senior Services certain information regarding utilization of the federal 340B Drug Pricing Program and certain payments and expenditures as outlined in the act.

The Department of Health and Senior Services shall prepare a report aggregating the reported information, and shall provide the report to the General Assembly and publish the report on its public website.

The act prescribes a civil penalty of \$1000 per day for any 340B covered hospital that fails to provide the information as required under the act.

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

SOURCES OF INFORMATION

Department of Commerce and Insurance
Department of Health and Senior Services
Department of Public Safety - Missouri Highway Patrol
Department of Social Services
Missouri Consolidated Health Care Plan
Missouri Department of Conservation
Missouri Department of Transportation
City of Kansas City
Citizens Memorial Hospital District
University of Missouri Health Care



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February 3, 2026



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