

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5528-01
Bill No.: HB 2045
Subject: Pharmacy; Insurance - Health; Drugs and Controlled Substances
Type: Original
Date: February 9, 2016

Bill Summary: This proposal prohibits a health carrier or health benefit plan from denying coverage for dispensing drugs prescribed for the treatment of chronic illnesses to synchronize the refilling of prescriptions.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue	(Greater than \$61,000)	(Greater than \$61,000)	(Greater than \$61,000)
Total Estimated Net Effect on General Revenue	(Greater than \$61,000)	(Greater than \$61,000)	(Greater than \$61,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Insurance Dedicated	Up to \$5,700	\$0	\$0
Other State Funds	(Greater than \$14,000)	(Greater than \$14,000)	(Greater than \$14,000)
Total Estimated Net Effect on <u>Other</u> State Funds	(Greater than \$8,300)	(Greater than \$14,000)	(Greater than \$14,000)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Federal	(Greater than \$25,000)	(Greater than \$25,000)	(Greater than \$25,000)
Total Estimated Net Effect on <u>All</u> Federal Funds	(Greater than \$25,000)	(Greater than \$25,000)	(Greater than \$25,000)

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
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 2017	FY 2018	FY 2019
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Oversight was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

In response to similar proposals from last session, HB 198, and HB 2145 from the 2014 session Oversight received the following responses:

Officials from the **Missouri Consolidated Health Care Plan (MCHCP)** stated the proposal prohibits a health carrier or health benefit plan from denying coverage for dispensing drugs prescribed for the treatment of chronic illnesses to synchronize the refilling or prescriptions for a patient.

MCHCP's copayment structure is set for prescriptions up to a 30 day supply, 60 day supply or 90 day supply. There is not proration for supplies less than those milestones. Therefore, the impact to MCHCP is unknown but greater than \$100,000.

Oversight assumes costs to the MCHCP will be distributed across state funds in the following percentages:

General Revenue	61%
Other State Funds	14%
Federal Funds	25%

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** stated insurers would be required to submit amendments to their policies to comply with the proposal. Policy amendments must be submitted to the Department for review along a \$50 filing fee. The number of insurance companies writing these policies in Missouri fluctuates each year. One time additional revenues to the Insurance Dedicated Fund are estimated to be up to \$5,700.

ASSUMPTION (continued)

Officials from the **Missouri Department of Conservation**, the **Department of Mental Health**, the **Department of Transportation**, the **Department of Health and Senior Services**, and the **Department of Social Services** assumed the proposal would not fiscally impact their agency.

Officials from the **Department of Public Safety - Missouri Highway Patrol** deferred to Department of Transportation for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
GENERAL REVENUE FUND			
<u>Costs - MCHCP</u>			
Prorating Prescriptions	<u>(Greater than \$61,000)</u>	<u>(Greater than \$61,000)</u>	<u>(Greater than \$61,000)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(Greater than \$61,000)</u>	<u>(Greater than \$61,000)</u>	<u>(Greater than \$61,000)</u>
INSURANCE DEDICATED FUND			
<u>Revenues - DIFP</u>			
Policy Amendment Fees	<u>Up to \$5,700</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND	<u>Up to \$5,700</u>	<u>\$0</u>	<u>\$0</u>
OTHER STATE FUNDS			
<u>Costs - MCHCP</u>			
Prorating Prescriptions	<u>(Greater than \$14,000)</u>	<u>(Greater than \$14,000)</u>	<u>(Greater than \$14,000)</u>
ESTIMATED NET EFFECT ON OTHER STATE FUNDS	<u>(Greater than \$14,000)</u>	<u>(Greater than \$14,000)</u>	<u>(Greater than \$14,000)</u>

<u>FISCAL IMPACT - State Government</u>	FY 2017	FY 2018	FY 2019
(continued)	(10 Mo.)		

FEDERAL FUNDS

Costs - MCHCP

Prorating Prescriptions	<u>(Greater than \$25,000)</u>	<u>(Greater than \$25,000)</u>	<u>(Greater than \$25,000)</u>
-------------------------	------------------------------------	------------------------------------	------------------------------------

ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>(Greater than \$25,000)</u>	<u>(Greater than \$25,000)</u>	<u>(Greater than \$25,000)</u>
--------------------------------------------------	-------------------------------------------	-------------------------------------------	-------------------------------------------

<u>FISCAL IMPACT - Local Government</u>	FY 2017	FY 2018	FY 2019
	(10 Mo.)		

	<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

This proposal requires a health carrier and health benefit plan that provides prescription drug coverage in the state to permit and apply a prorated daily cost-sharing rate to prescriptions that are dispensed by a network pharmacy for less than a 30 day supply if the prescriber or pharmacist indicates the fill or refill could be in the best interest of the patient or is for the purpose of synchronizing the patient's chronic medications.

A health carrier or health benefit plan that provides prescription drug coverage is prohibited from denying coverage for the dispensing of any drug prescribed for the treatment of a chronic illness that is made in accordance with a plan among the insured, the prescriber, and a pharmacist to synchronize the refilling of multiple prescriptions for the insured. The proposal prohibits a health carrier or health benefit plan providing prescription drug coverage from using payment structures incorporating prorated dispensing fees determined by calculation of the days' supply of medication dispensed and requires dispensing fees to be determined exclusively on the total

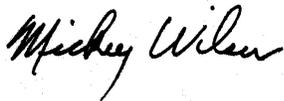
FISCAL DESCRIPTION (continued)

number of prescriptions dispensed.

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

Missouri Consolidated Health Care Plan
Department of Transportation
Department of Insurance, Financial Institutions and Professional Registration
Department of Health and Senior Services
Department of Social Services
Department of Mental Health
Missouri Department of Conservation
Department of Public Safety - Missouri Highway Patrol



Mickey Wilson, CPA
Director
February 9, 2016

Ross Strobe
Assistant Director
February 9, 2016