

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1660-01
Bill No.: HB 676
Subject: Pharmacy; Drugs and Controlled Substances
Type: Original
Date: March 15, 2011

Bill Summary: Prohibits health insurers from denying coverage for certain refills of prescription eye drops.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
General Revenue	(Unknown greater than \$437,466)	(Unknown greater than \$936,177)	(Unknown greater than \$1,067,243)
Total Estimated Net Effect on General Revenue Fund	(Unknown greater than \$437,466)	(Unknown greater than \$936,177)	(Unknown greater than \$1,067,243)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Insurance Dedicated	Up to \$5,000	\$0	\$0
Road	(Unknown less than \$50,000)	(Unknown less than \$100,000)	(Unknown less than \$100,000)
Other	(Unknown greater than \$94,380)	(Unknown greater than \$201,974)	(Unknown greater than \$230,250)
Total Estimated Net Effect on Other State Funds	(Unknown greater than \$94,380)	(Unknown greater than \$201,974)	(Unknown greater than \$230,250)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Federal	(Unknown greater than \$170,910)	(Unknown greater than \$365,748)	(Unknown greater than \$416,953)
Total Estimated Net Effect on <u>All</u> Federal Funds	(Unknown greater than \$170,910)	(Unknown greater than \$365,748)	(Unknown greater than \$416,953)

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on FTE	0	0	0

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri Department of Conservation** assume the proposal would have no fiscal impact on their agency.

Officials from the **Department of Public Safety - Missouri State Highway Patrol** defer to the Missouri Department of Transportation for response regarding the potential fiscal impact of this proposal on their organization.

Officials from the **Department of Social Services (DSS)** state this legislation does not revise Chapter 208, RSMo, and therefore, does not affect MO HealthNet eligibility or benefits.

This legislation would not have a fiscal impact on MO HealthNet Managed Care as pharmacy is carved out and provided through fee-for service.

Officials from the **Department of Insurance, Financial Institutions, and Professional Registration (DIFP)** state insurers would be required to submit amendments to their policies to comply with the legislation. Policy amendments must be submitted to the department for review along with 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 \$5,000

Additional staff and expenses are not being requested with this single proposal, but if multiple proposals pass during the legislative session which require policy form reviews, the DIFP will need to request additional staff to handle the increase in workload.

Officials from the **Missouri Department of Transportation (MoDOT)** state the proposed legislation prohibits health insurers from denying coverage for certain refills of prescription eye drops after January 1, 2012. The language requires health plans to provide renewal of drops when the renewal is requested by the insured less than 30 days if the original prescription was distributed to the insured or the date of the last renewal was distributed to the insured and the prescribing provider indicated on the prescription additional quantities are needed.

While the MoDOT/Missouri State Highway Patrol (MHP) Medical Plan would not fall under this definition of "health carrier," the Plan would arguably still be required to comply with the bill's requirements. If required to comply with the bill's requirements, this bill could have a fiscal impact on MoDOT/MHP Medical Plan. This bill prohibits the denial of coverage for the renewal of prescription eye drops and the Plan will be required to offer such coverage as well.

ASSUMPTION (continued)

Independent Pharmaceutical Consultants, Inc. (IPC) reviewed the legislation on behalf of the MoDOT/MHP Medical Plan. According to IPC's review, the proposed language would impact the Plan. IPC provided a memorandum from the Centers for Medicare and Medicaid Services (CMS), dated June 2, 2010, discussing early refills edits on topical ophthalmic products. CMS recognizes the early refill edits are an important utilization management tool to promote compliance and prevent waste; however, it is important Part D sponsors implement such edits in a manner that does not leave members at risk of interruptions in drug therapy. They suggest Part D sponsors should be prepared to allow overrides of these edits on a case-by-case basis when appropriate and necessary to prevent interruptions in drug therapy. It is suggested to adopt the guidelines from the CMS memo for the entire population, rather than issuing different guidelines for non-Medicare participants.

It is difficult to estimate the actual cost to the MoDOT Plan because there is no sure way of determining early refills requested at the pharmacy because the member's supply due to difficulty of administration. IPC pulled early refill rejections from 2010 and if all refills had been processed, the total cost to the Plan and the members would have totaled \$30,500. Also with the additional costs to the prescription drug plan, our member's rates would need to be increased to ensure that the plan would have the required funds to support the additional costs.

There will not be a fiscal impact to Missouri Highway Transportation Commission (MHTC); however, there would be a financial impact to the Plan. The impact cannot be determined; however, it would be less than \$100,000.

Officials from the **Missouri Consolidated Health Care Plan (MCHCP)** state in 2010, the MCHCP spent \$1,081,497 on prescription eye drops. The MCHCP prescription eye drop costs would double for the MCHCP under this proposal because members would be allowed to receive additional quantities of a medication when currently they can only receive one quantity at a time. According to the MCHCP's pharmacy benefit manager, prescription drug costs are trending at 14%. The fiscal impact is unknown, greater than \$1,405,513 for CY12; \$1,602,285 for CY13; and \$1,826,605 for CY14.

Oversight assumes the provisions of this proposal would become effective January 1, 2012.

<u>FISCAL IMPACT - State Government</u>	FY 2012 (6 Mo.)	FY 2013	FY 2014
GENERAL REVENUE FUND			
<u>Costs - MCHCP</u>			
Increase in state share of prescription drug costs	<u>(Unknown greater than \$437,466)</u>	<u>(Unknown greater than \$936,177)</u>	<u>(Unknown greater than \$1,067,243)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(Unknown greater than \$437,466)</u>	<u>(Unknown greater than \$936,177)</u>	<u>(Unknown greater than \$1,067,243)</u>
INSURANCE DEDICATED FUND			
<u>Income - DIFP</u>			
Form filing fees	Up to \$5,000	\$0	\$0
ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND	<u>Up to \$5,000</u>	<u>\$0</u>	<u>\$0</u>
ROAD FUND			
<u>Costs - MoDOT</u>			
Increase in state share of health care costs	<u>(Unknown less than \$50,000)</u>	<u>(Unknown less than \$100,000)</u>	<u>(Unknown less than \$100,000)</u>
ESTIMATED NET EFFECT ON ROAD FUND	<u>(Unknown less than \$50,000)</u>	<u>(Unknown less than \$100,000)</u>	<u>(Unknown less than \$100,000)</u>

<u>FISCAL IMPACT - State Government</u>	FY 2012 (6 Mo.)	FY 2013	FY 2014
OTHER STATE FUNDS			
<u>Costs - MCHCP</u>			
Increase in state share of prescription drug costs	<u>(Unknown greater than \$94,380)</u>	<u>(Unknown greater than \$201,974)</u>	<u>(Unknown greater than \$230,250)</u>
ESTIMATED NET EFFECT ON OTHER STATE FUNDS	<u>(Unknown greater than \$94,380)</u>	<u>(Unknown greater than \$201,974)</u>	<u>(Unknown greater than \$230,250)</u>
FEDERAL FUNDS			
<u>Costs - MCHCP</u>			
Increase in state share of prescription drug costs	<u>(Unknown greater than \$170,910)</u>	<u>(Unknown greater than \$365,748)</u>	<u>(Unknown greater than \$416,953)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>(Unknown greater than \$170,910)</u>	<u>(Unknown greater than \$365,748)</u>	<u>(Unknown greater than \$416,953)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2012 (6 Mo.)	FY 2013	FY 2014
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

The proposal may impact small businesses that provide prescription drug coverage for employees if their insurance premiums increase as a result of the provisions of this proposal.

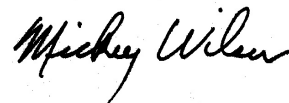
FISCAL DESCRIPTION

This proposal prohibits a health carrier that offers or issues plans which are delivered, issued, continued, or renewed on or after January 1, 2012, from denying coverage for a refill of prescription eye drops if the renewal was requested within 30 days of the original prescription or the date the last renewal was dispensed or if the prescribing health care professional indicates on the original prescription that additional refills are needed. The coverage must not be subject to any greater deductible or co-payment than other similar health care services provided by the plan.

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



Mickey Wilson, CPA
Director
March 14, 2011