

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4359-02
Bill No.: Perfected HCS for HB 1679
Subject: Insurance - Health; Drugs and Controlled Substances; Pharmacy; Health Care
Type: Original
Date: April 20, 2016

Bill Summary: This proposal changes the laws regarding the dispensing of contraceptives.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Insurance Dedicated	Up to \$36,500	\$0	\$0
Other State (various)	(\$3,311)	(\$6,820)	(\$7,025)
Total Estimated Net Effect on <u>Other</u> State Funds	Up to \$33,189	(\$6,820)	(\$7,025)

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Federal*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Income and expenditures net to \$0.

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

Officials from the **Department of Social Services (DSS)**, **MO HealthNet Division (MHD)**, **Children's Division (CD)**, and **Division of Legal Services (DLS)** state this bill modifies Chapter 338 (Pharmacists) to authorize pharmacists to prescribe and dispense self-administered oral hormonal contraceptives. Individuals age 18 or older may receive a pharmacist prescription regardless of whether the individual has evidence of a prior prescription for contraceptives from a physician. Individuals under age 18 must have evidence of a prior prescription for contraceptives to receive a pharmacist prescription. The Board of Pharmacy is charged with promulgating rules to implement this authority. Such rules must require the pharmacist to 1) complete a training program approved by the Board prior to prescribing such contraceptives; 2) provide the patient a self-screening risk assessment tool prior to writing a prescription; 3) refer the patient to her physician upon prescribing and dispensing the contraceptive; 4) provide a written record of the contraceptive prescribed and dispensed to the patient; and 5) dispense the contraceptive to the patient as soon as practicable after issuing a prescription. The pharmacist is prohibited from requiring the patient to schedule an appointment to receive a prescription or disposition of the contraceptive. The pharmacist is also limited to prescribing and dispensing contraceptives to patients who have evidence of a clinical visit for women's health within three years. Chapter 376 is also revised to require health carriers and health benefit plans to reimburse pharmacists that prescribe and dispense such contraceptives.

Based on utilization between July-December 2015, there are 26,481 MO HealthNet participants utilizing a self-administered oral hormonal contraceptive. MHD assumes 10% (2,648) of these participants will seek prescriptions directly from a pharmacist in lieu of a physician. MHD further assumes the intent of this legislation is to authorize a pharmacist to write temporary scripts for contraceptives until the patient can see a physician. As such, MHD assumes a pharmacist will be limited to writing a script authorizing no more than 3 monthly refills. MHD estimates a \$4 professional fee will be assessed for the pharmacist's effort to meet with the patient and write the script. The \$4 professional fee would be funded through the Pharmacy Tax.

MHD assumes 50% of 2,648 participants would utilize a pharmacist for contraceptive scripts only once per year at a cost of \$5,296 ($50\% * 2,648 * \4); 35% of participants would utilize the pharmacy for contraceptive scripts twice per year at a cost of \$7,414 ($35\% * 2,648 * \8); 10% of participants would utilize the pharmacist for contraceptive scripts three times per year at a cost of \$3,178 ($10\% * 2,648 * \12); and 5% of participants would utilize the pharmacist for contraceptive scripts four times per year at a cost of \$2,118 ($5\% * 2,648 * \16). The total annual cost of \$18,006 is assumed to be paid 63.228% with Federal funds (\$11,385) and 36.772% with Other State Funds (\$6,621). MHD assumes this will not increase utilization.

ASSUMPTION (continued)

The FY17 estimate assumes only 10 months of implementation. A 3% trend factor was applied to FY18 and FY19 each. FY 17 costs (10 months) total \$15,006; FY 18 costs total \$18,547; and FY 19 costs total \$19,104.

Oversight assumes the provisions of this proposal would not be effective until January 1, 2017 when changes to insurance plan provisions become effective.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** state the DIFP expects to see a filing influx of 10 filings per HMO and major medical writing companies. The bill specifically excludes supplemental insurance including life care contracts, accident-only, specified disease, hospital, Medical supplement, long-term care, short-term major medical, and other supplemental policies from the provision of the bill. Therefore, DIFP has 52 licensed companies writing major medical policies and 21 licensed HMOs. The department could expect around \$36,500 in one-time revenue to the Insurance Dedicated Fund from passage of this bill.

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 **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Officials from the **Joint Committee on Administrative Rules (JCAR)** state the legislation is not anticipated to cause a fiscal impact to JCAR beyond its current appropriation.

ASSUMPTION (continued)

Officials from the **Department of Health and Senior Services**, the **Department of Public Safety**, **Missouri State Highway Patrol**, the **Missouri Consolidated Health Care Plan**, the **Missouri Department of Conservation** and the **Missouri Department of Transportation** each assume the proposal would not fiscally impact their respective agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (6 Mo.)	FY 2018	FY 2019
INSURANCE DEDICATED FUND			
<u>Income - DIFP (§§ 338.660 & 376.1240)</u>			
Form filing fees	<u>Up to \$36,500</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON THE INSURANCE DEDICATED FUND			
	<u>Up to \$36,500</u>	<u>\$0</u>	<u>\$0</u>
OTHER STATE FUNDS (various)			
<u>Costs - DSS (§ 338.660)</u>			
Increase in professional fees	<u>(\$3,311)</u>	<u>(\$6,820)</u>	<u>(\$7,025)</u>
ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
	<u>(\$3,311)</u>	<u>(\$6,820)</u>	<u>(\$7,025)</u>
FEDERAL FUNDS			
<u>Income - DSS (§ 338.660)</u>			
Reimbursement for professional fees	\$5,693	\$11,727	\$12,079
<u>Costs - DSS (§ 338.660)</u>			
Increase in professional fees expenditures	<u>(\$5,693)</u>	<u>(\$11,727)</u>	<u>(\$12,079)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS			
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2017 (6 Mo.)	FY 2018	FY 2019
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal would directly impact small business pharmacies. Pharmacists in small businesses must complete a training program to be able to prescribe hormonal contraceptives, have a self-screening risk assessment tool for use by the patient prior to the pharmacist's prescribing the contraceptive available, be able to refer the patient to the patient's primary care practitioner or women's health care practitioner, and provide the patient with a written record of the contraceptive prescribed. In addition, small business pharmacies will be prohibited from requiring a patient to schedule an appointment.

FISCAL DESCRIPTION

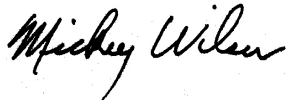
Section 338.660 - The bill permits a pharmacist to prescribe and dispense self-administered oral hormonal contraceptives to a person who is 18 years of age or older regardless of whether the person has evidence of a previous prescription from a primary care provider or women's health care provider or a person under 18 years of age if the person has evidence of a previous prescription from a primary care provider or women's health care provider. The bill requires the Board of Pharmacy within the Department of Insurance, Financial Institutions and Professional Registration to adopt rules as specified in the bill.

Section 376.1240 - The bill requires each health carrier or benefit plan that offers or issues health benefit plans in Missouri on or after January 1, 2017, and provides coverage for contraceptives to reimburse a health care provider or dispensing entity for dispensing a three-month supply of a prescription contraceptive for the first dispensing to an insured and 12 month supply for a refill of the same contraceptive regardless of whether the insured was enrolled in the health benefit plan or policy at the time of the first dispensing. The coverage required under these provisions must not be subject to any greater deductible or co-payment than similar health services provided by the health benefit 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 Health and Senior Services
Department of Insurance, Financial Institutions
and Professional Registration
Department of Public Safety -
Missouri State Highway Patrol
Department of Social Services
Joint Committee on Administrative Rules
Missouri Consolidated Health Care Plan
Missouri Department of Conservation
Missouri Department of Transportation
Office of Secretary of State



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