

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4950H.011
 Bill No.: HB 2305
 Subject: Pharmacy; Insurance - Health
 Type: Original
 Date: April 4, 2022

Bill Summary: This proposal creates provisions relating to insurance coverage of pharmacy services.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
General Revenue Fund*	(Unknown, could exceed \$9,896,400)	(Unknown, could exceed \$9,896,400)	(Unknown, could exceed \$9,896,400)
Total Estimated Net Effect on General Revenue	(Unknown, could exceed \$9,896,400)	(Unknown, could exceed \$9,896,400)	(Unknown, could exceed \$9,896,400)

* The fiscal impact is unknown, however, MCHCP estimates that it would be greater than \$18 million split between General Revenue, Other Funds and Federal Funds.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Other Funds	(Unknown, could exceed \$2,401,200)	(Unknown, could exceed \$2,401,200)	(Unknown, could exceed \$2,401,200)
Total Estimated Net Effect on <u>Other</u> State Funds	(Unknown, could exceed \$2,401,200)	(Unknown, could exceed \$2,401,200)	(Unknown, could exceed \$2,401,200)

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Federal Funds	(Unknown, could exceed \$5,702,400)	(Unknown, could exceed \$5,702,400)	(Unknown, could exceed \$5,702,400)
Total Estimated Net Effect on <u>All</u> Federal Funds	(Unknown, could exceed \$5,702,400)	(Unknown, could exceed \$5,702,400)	(Unknown, could exceed \$5,702,400)

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on FTE	0	0	0

- 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 2023	FY 2024	FY 2025
Local Government	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Sections 376.411, 376.413 and 376.415 – Insurance Coverage of Pharmacy Services

Officials from the **Missouri Consolidated Health Care Plan (MCHCP)** state that MCHCP is not a health care plan under the definition of 376.1350. However, Section 104.801, requires MCHCP to follow any law which mandates coverage of specific health benefits, services or providers. Since this legislation is mandating providers, they assume it does apply to MCHCP.

Section 376.411, mandates that every pharmacy and provider be treated the same when covering clinician-administered drugs. Today MCHCP, uses several channel management programs to provide drugs at the lowest cost possible. This bill would eliminate their usage of these programs and the drug and administrations costs could increase for the same drugs, but changing the site of administration. MCHCP pharmacy benefit manager currently estimates that it saves around \$39 million from these programs. The fiscal impact is unknown, but MCHCP estimates that it would be greater than \$18 million.

Oversight assumes this legislation applies to MCHCP and therefore will reflect MCHCP's estimate of an unknown loss, possibly exceeding \$18 million to the General Revenue Fund, Other State Funds and Federal Funds.

General Revenue	\$9,896,400	54.98%
Federal Funds	\$5,702,400	31.68%
Other Funds	\$2,401,200	13.34%
Total	\$18,000,000	100%

Oversight assumes this provision could have a fiscal impact on local government health plans and therefore will reflect an unknown loss to local political subdivisions.

Officials from the **Missouri Department of Transportation** assume the proposal will have no fiscal impact on their organization.

Oversight is awaiting further information from Missouri Department of Transportation regarding the MoDOT/DPS-MHP health benefit plan. Upon the receipt of agency response, Oversight will review to determine if an updated fiscal note should be prepared and seek approval to publish a new fiscal note.

Officials from the **Department of Commerce and Insurance**, the **Department of Social Services**, the **Missouri Department of Conservation** and **Kansas City** 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.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other cities were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
GENERAL REVEUE FUND			
<u>Loss – MCHCP</u> Elimination of channel management programs	(Unknown, could exceed <u>\$9,896,400</u>)	(Unknown, could exceed <u>\$9,896,400</u>)	(Unknown, could exceed <u>\$9,896,400</u>)
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	(Unknown, could exceed <u>\$9,896,400</u>)	(Unknown, could exceed <u>\$9,896,400</u>)	(Unknown, could exceed <u>\$9,896,400</u>)
FEDERAL FUNDS			
<u>Loss – MCHCP</u> Elimination of channel management programs	(Unknown, could exceed <u>\$5,702,400</u>)	(Unknown, could exceed <u>\$5,702,400</u>)	(Unknown, could exceed <u>\$5,702,400</u>)
ESTIMATED NET EFFECT TO FEDERAL FUNDS	(Unknown, could exceed <u>\$5,702,400</u>)	(Unknown, could exceed <u>\$5,702,400</u>)	(Unknown, could exceed <u>\$5,702,400</u>)
OTHER FUNDS			
<u>Loss – MCHCP</u> Elimination of channel management programs	(Unknown, could exceed <u>\$2,401,200</u>)	(Unknown, could exceed <u>\$2,401,200</u>)	(Unknown, could exceed <u>\$2,401,200</u>)
ESTIMATED NET EFFECT TO OTHER FUNDS	(Unknown, could exceed <u>\$2,401,200</u>)	(Unknown, could exceed <u>\$2,401,200</u>)	(Unknown, could exceed <u>\$2,401,200</u>)

<u>FISCAL IMPACT – Local Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
LOCAL POLITICAL SUBDIVISIONS			
<u>Loss – Elimination of channel management programs</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

FISCAL IMPACT – Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This bill establishes requirements for insurance coverage of certain pharmacy services. This bill provides that a health carrier, pharmacy benefits manager, or agent of such entities are prohibited from imposing any penalty, impediment, differentiation, or limitation on:

- (1) Participating providers for providing medically necessary clinician-administered drugs, regardless of whether the participating provider obtains such drugs from a provider that is in the network;
- (2) A person who is administered medically necessary clinician-administered drugs regardless of whether the participating provider obtains such drugs from a provider that is in the network; or
- (3) Any pharmacy, including any class B hospital pharmacy as defined in Section 338.220, RSMo, that is dispensing medically necessary clinician-administered drugs regardless of whether the participating provider obtains such drugs from a provider that is in the network. This prohibition does not apply if the clinician-administered drug is not otherwise covered by the health carrier or pharmacy benefits manager.

A health carrier, pharmacy benefits manager, or agent of such entities may not discriminate, lower the reimbursement, or impose any separate contract terms upon an entity based upon that entity's participation in the 340B drug pricing program, described in 42 U.S.C. Section 256b, or limit a patient's freedom to use any such entity, as described in the bill.

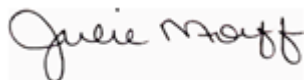
All pharmacy claims processed by a pharmacy that participates in the 340B drug pricing program are final at the point of adjudication.

This bill defines "biological product", "biosimilar product", and "reference product" as having the same meaning as given to the terms under federal law. A health carrier, pharmacy benefits manager, or agent of such entities that provides coverage for a reference product or biosimilar biological product must provide coverage for the reference product and all biological products that have been deemed biosimilar to the reference product.

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
Missouri Department of Conservation
Missouri Department of Transportation
Missouri Consolidated Health Care Plan
Kansas City



Julie Morff
Director
April 4, 2022



Ross Strobe
Assistant Director
April 4, 2022