

Department of Planning and Budget 2024 Session Fiscal Impact Statement

1. Bill Number: SB122

House of Origin Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. Patron: VanValkenburg

3. Committee: General Laws and Technology

4. Title: Department of General Services; Office of Pharmaceutical Services; report.

5. Summary: Establishes in the Department of General Services an Office of Pharmaceutical Services to develop and execute a plan to consolidate state agency prescription drug purchasing and pharmacy benefit management programs to increase efficiency in prescription drug purchasing and constrain spending on prescription drugs. The bill directs the Department to provide to the Governor and the General Assembly an interim report on the development of the plan by November 1, 2024, and a final report on the plan by November 1, 2025.

6. Budget Amendment Necessary: See Item 8.

7. Fiscal Impact Estimates: Preliminary

8. Fiscal Implications: The Department of General Services will require funding to establish the Office of Pharmaceutical Services as directed in the bill. The initial fiscal impact is based on staffing an office of 3 restricted FTE positions. Additionally, \$600,000 is needed in FY25 to contract with a consultant in order to complete the interim report to the Governor and the General Assembly by November 1, 2024. Based on the results of the plan, there may be additional fiscal impacts to DGS and other affected agencies.

For the Department of Medical Assistance Services (DMAS), the impact of these provisions is unclear. Should the proposal be interpreted to only require the development of a plan, then it is assumed that DMAS would need \$250,000 (\$125,000 general fund) to procure specialized expertise to develop medical assistance cost estimates for the Office. However, should the bill require the Office to execute a plan that includes the transition of all medical assistance services pharmacy service to fee-for-service then the potential fiscal impact on DMAS and agency administered programs would be significant. There is insufficient data available to determine the actual magnitude of costs or the potential for savings.

9. Specific Agency or Political Subdivisions Affected: Department of General Services and agencies that have a need for Pharmaceutical Services and Drugs (Virginia Department of

Corrections, Department of Behavioral Health and Disability Services, Virginia Department of Health, and Department of Medical Assistance Services).

The Secretary of Administration, Secretary of Public Safety, and Secretary of Health and Human Resources may be asked to “provide support” in developing the plan.

10. Technical Amendment Necessary: No

11. Other Comments: Identical to HB1348.