

PREPARED BY: Liz Hruska  
 DATE PREPARED: January 29, 2020  
 PHONE: 402-471-0053

**LB 1052**

Revision: 00

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)</b>				
	<b>FY 2020-21</b>		<b>FY 2021-22</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS	1,200,000		1,200,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>1,200,000</b>		<b>1,200,000</b>	

**Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.**

Denial of drug coverage for antidepressants, antipsychotic and anticonvulsant prescriptions if the health care provider deems the drugs as medically necessary would be prohibited in the Medicaid Program.

These drugs would be exempt for drug utilization review. Federal law requires drug utilization reviews for drugs exceeding the upper payment. This would result in a federal disallowance, estimated at \$1.2 million.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>			
LB: 1052	AM:	AGENCY/POLT. SUB: Nebraska Department of Health and Human Services	
REVIEWED BY: Ann Linneman	DATE: 1-28-20	PHONE: (402) 471-4180	
COMMENTS: No basis to disagree with the Nebraska Department of Health and Human Services' analysis and estimate of fiscal impact.			

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

State Agency or Political Subdivision Name:(2) Department of Health and Human Services

Prepared by: (3) Mike Michalski

Date Prepared 1-28-2020

Phone: (5) 471-6719

	<u>FY 2020-2021</u>		<u>FY 2021-2022</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
<b>GENERAL FUNDS</b>	\$1,200,000		\$1,200,000	
<b>CASH FUNDS</b>				
<b>FEDERAL FUNDS</b>				
<b>OTHER FUNDS</b>				
<b>TOTAL FUNDS</b>	\$1,200,000		\$1,200,000	

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

**Explanation of Estimate:**

This is a bill relating to the Medical Assistance Act; to change provisions relating to prescription drugs not on the preferred drug list. The bill would limit the ability of Medicaid to meet federal regulations for clinical and safety reviews required for federal reimbursement.

In SFY18 total Medicaid expenditures for prescription drugs included in the three drug classes impacted by this bill was \$66,137,370. The annual federal share of this, that may be subject to disallowance due to noncompliance with federal regulations, should LB 1052 be passed, could be approximately \$36.4 million. In reviewing other states, the federal regulations on drug utilization review requirements have been interpreted and executed differently.

Within these three drug classes, there are certain drug expenditures that will still require drug utilization review. Per federal law any amount above the upper payment limit requires a drug utilization review. This bill will not allow for a drug utilization review, therefore drug expenditures above the upper payment limit will be disallowed from federal participation. Nebraska expects approximately \$1.2 million of general funds will be needed to replace the lost federal funding participation.

**MAJOR OBJECTS OF EXPENDITURE**

PERSONAL SERVICES:	NUMBER OF POSITIONS		2020-2021 EXPENDITURES	2021-2022 EXPENDITURES
	POSITION TITLE	20-21		
Benefits.....				
Operating.....				
Travel.....				
Capital Outlay.....				
Aid.....			\$1,200,000	\$1,200,000
Capital Improvements.....				
<b>TOTAL.....</b>			\$1,200,000	\$1,200,000