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 DATE PREPARED: January 29, 2024  
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**LB 1035**

Revision: 00

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2024-25</b>		<b>FY 2025-26</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See below		See below	

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

The Prescription Drug Donation Program Acts direct the Department of Health and Human Services (DHHS) to approve a prescription drug donation program that permits voluntary donations and dispensing of qualifying prescription drugs. Drugs donated under the program are required to (1) be in original, unopened, sealed, and tamper-evident packaging, (2) undergo inspection prior, and (3) bear an expiration date more than 6 months following donation except in limited cases and isn't restricted for distribution by the federal Food and Drug Administration (FDA).

The bill allows DHHS to administer the program itself or designate an individual to administer the program. The fiscal note by DHHS assumes the full cost of the program would be the responsibility of the agency. The estimate of \$1 million is based on operational costs in Iowa, half of which they recuperate from private donations.

The minimum fiscal impact would be the \$50,812 in FY25 and \$53,352 in FY26 for a 0.5 FTE Program Manager to provide oversight for the program.

If donations come forth to support half the cost of the program, as in Iowa, the fiscal impact would be \$550,812 in FY25 and \$553,352 in FY26.

The maximum fiscal impact, reflect in the agency fiscal note, assumes DHHS takes on the whole cost of operating the program on its own, \$1,050,812 in FY25 and \$1,053,352 in FY26.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>				
LB:	1035	AM:	AGENCY/POLT. SUB: Nebraska Department of Health & Human Services	
REVIEWED BY:	Ann Linneman	DATE:	1-29-2024	PHONE: (402) 471-4180
COMMENTS: Concur with the Nebraska Department of Health & Human Services' assessment 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) John Meals

Date Prepared 1-10-2024

Phone: (5) 471-6719

	<u>FY 2024-2025</u>		<u>FY 2025-2026</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
<b>GENERAL FUNDS</b>	\$1,050,812	\$0	\$1,053,352	\$0
<b>CASH FUNDS</b>				
<b>FEDERAL FUNDS</b>				
<b>OTHER FUNDS</b>				
<b>TOTAL FUNDS</b>	\$1,050,812	\$0	\$1,053,352	\$0

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

**Explanation of Estimate:**

LB 1035 allows a Prescription Drug Donation Program to operate in Nebraska. The Department of Health and Human Services (DHHS) would approve a program and ensure the program is operating according to Nebraska and Federal laws. LB 1035 also allows DHHS to either administer the program or designate an individual to administer the program. LB 1035 states that participation in program is voluntary but does not provide any qualifications for donated drug recipients.

DHHS would need to draft new regulations for the program with the Board of Pharmacy's input and adoption. The cost impact of this work is being deferred from a formal request at this time and is estimated as follows:

Title	Hour(s)	Hourly Cost	Absorbed Cost
<i>Director</i>	4	\$ 77	\$ 309
<i>Deputy Director</i>	4	\$ 56	\$ 223
<i>Administrator I</i>	4	\$ 31	\$ 126
<i>Program Specialist</i>	8	\$ 23	\$ 186
<i>Program Analyst</i>	16	\$ 23	\$ 363
<i>Attorney III</i>	30	\$ 35	\$ 1,035
<i>Total Costs</i>			\$ 2,242

Existing staff would take on additional duties by providing random inspections to monitor compliance with the statutes and regulations. The current burdened rate for Pharmacy Inspectors is \$86.82 per hour as shown below:

POSITION(S)			FY 2024-2025					
Job Code	Job Title	Hourly Rate	No. of Hours	FTE	Pay	Benefits (35%)	Operating costs (26.7%)	Total
N77760	Pharmacy Inspector	50.757	1.00	1.00	\$ 50.76	\$ 17.76	\$ 18.30	\$ 86.82

This fiscal note assumes that cost for all work associated with conducting a Prescription Drug Donation Program would be provided by DHHS or by a designated third-party that holds a valid pharmacy license.

Should DHHS conduct all activities of the Prescription Drug Program, the estimated cost of \$1 million per year is based on reported operational costs of a similar program operating in Iowa. DHHS would consider this Aid funding and should be under Program 514. DHHS would also need an additional .5 FTE Program Manager to provide administration and oversight of the program and any designated contractor(s). LB 1035 allows the healthcare facility or pharmacy to collect a fee for handling and dispensing a donated prescription drug. Based on a similar program operating in Iowa, only a nominal share of costs is offset by this fee.

DHHS recognizes that approximately half of the funding for Iowa’s program is provided through private donations. That is certainly possibly for the Nebraska program and the future hope is to do the same. DHHS is requesting the larger appropriation at the start of the program because those donations are not yet established. Should donations be made or become available, the full appropriation will not be needed.

Staff funding would be under Program 033 – Administration and aid costs would be in Program 514 – Health Aid. Both are assumed General Funds.

**MAJOR OBJECTS OF EXPENDITURE**

PERSONAL SERVICES:				
POSITION TITLE	NUMBER OF POSITIONS		2024-2025	2025-2026
	24-25	25-26	EXPENDITURES	EXPENDITURES
G78791 DHHS Program Manager I	.5	.5	\$29,707	\$31,192
Benefits.....			\$10,397	\$10,917
Operating.....			\$10,708	\$11,243
Travel.....				
Capital Outlay.....				
Aid.....			\$1,000,000	\$1,000,000
Capital Improvements.....				
<b>TOTAL.....</b>			<b>\$1,050,812</b>	<b>\$1,053,352</b>