

PREPARED BY: Liz Hruska
 DATE PREPARED: March 25, 2019
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Revision: 00

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2019-20		FY 2020-21	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	(514,905)		(1,034,809)	
CASH FUNDS				
FEDERAL FUNDS	(634,591)		(1,274,183)	
OTHER FUNDS				
TOTAL FUNDS	(1,149,496)		(2,308,992)	

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

This bill removes the exemption for inclusion in the preferred drug list (PDL). The exempted drug classes are antipsychotic, antidepressant and anticonvulsant drugs.

Adding these classes of drugs to the PDL would save \$1,196,868 (\$538,591 GF and \$685,277 FF) in FY 2019-20 and \$2,393,736 (\$1,077,181 GF and \$1,316,555 FF) in FY 2020-21. A pharmacist is needed. The cost is \$27,153 (\$23,686 GF and FF) in FY 2019-20 and \$84,744 (\$42,372 GF and FF) in FY 2020-21.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 245 AM:	AGENCY/POLT. SUB: Department of Health and Human Services (DHHS)	
REVIEWED BY: Elton Larson	DATE: 3/26/2019	PHONE: (402) 471-4173
COMMENTS: No basis to disagree with DHHS estimate of fiscal impact to the agency.		

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 01/22/19

Phone: (5) 471-6719

	<u>FY 2019-2020</u>		<u>FY 2020-2021</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	(\$549,497)		(\$1,098,993)	
CASH FUNDS				
FEDERAL FUNDS	(\$597,371)		(\$1,194,743)	
OTHER FUNDS				
TOTAL FUNDS	(\$1,146,868)		(\$2,293,736)	

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

Explanation of Estimate:

LB245 is a bill relating to the Medical Assistance Act; to amend section 68-954, Reissue Revised Statutes of Nebraska; to remove an exception from the preferred drug list for certain prescription drugs; and to repeal the original section.

This bill would allow the Department of Health and Human Services to add Antipsychotic, Antidepressant and Anticonvulsant Drugs to the Medicaid Preferred Drug List (PDL), which will allow the Department to capture additional savings through supplemental rebates from drug manufacturers. The Antipsychotics, Antidepressants and Anticonvulsants are currently excluded from inclusion on the PDL by statute. Adding these three therapeutic classes of medications to the PDL would provide additional consistency across the Heritage Health managed care plans for both Medicaid recipients and Medicaid. This means the same coverage, coverage limitations and prior authorization criteria across all three managed care plans and fee-for-service recipients. Adding these mental health drugs would also help ensure compliance with The Mental Health Parity and Addiction Equity Act (MHPAEA). These changes would require the hire of an additional staff pharmacist.

Drug expenditures from these three excluded therapeutic classes constitutes approximately one-third of total Medicaid drug spend for all prescriptions. Adding these therapeutic classes to the PDL would allow the Department to improve the cost-effective treatment within the antipsychotic, antidepressant and anticonvulsant categories, with estimated savings of \$2.3 million annually, based on Magellan Medicaid Administration estimate from 2016. The effective date of the proposed legislation would be 01/01/20, as this therapeutic class of drugs would be reviewed in the fall. The earliest effective date of these drugs added being added to the PDL would be in SFY20, reducing the impact in the first state fiscal year by six months.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:	POSITION TITLE	NUMBER OF POSITIONS		2019-2020	2020-2021
		19-20	20-21	EXPENDITURES	EXPENDITURES
	H74731 Pharmacist	.5	1.0	\$27,153	\$54,306
Benefits.....				\$10,554	\$21,109
Operating.....				\$12,293	\$24,585
Travel.....					
Capital Outlay.....					
Aid.....				(\$1,196,868)	(\$2,393,736)
Capital Improvements.....					
TOTAL.....				(\$1,146,868)	(\$2,293,736)