

HF1269 - 4A - "340B Drugs Identity and Report Process"

Chief Author: **Nick Zerwas**
 Committee: **Health and Human Services Finance**
 Date Completed: **04/16/2018**
 Agency: **Human Services Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact		
		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium	
	Dollars in Thousands	FY2017	FY2018	FY2019	FY2020
General Fund	-	-	21	1	1
Total	-	-	21	1	1
Biennial Total			21		2

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2017	FY2018	FY2019	FY2020	FY2021
General Fund	-	-	-	-	-
Total	-	-	-	-	-

Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Ahna Minge Date: 4/16/2018 11:18:56 AM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2017	FY2018	FY2019	FY2020	FY2021
General Fund	-	-	21	1	1	1
Total	-	-	21	1	1	1
Biennial Total			21			2
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	-	21	1	1	1
Total	-	-	21	1	1	1
Biennial Total			21			2
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

This bill as amended requires Federally Qualified Health Centers (FQHCs) and Rural Health Clinics (RUCs) to submit health care claims for services provided to Medical Assistance (MA) enrollees directly to DHS for payment.

The bill also requires DHS to work with FQHC providers, contract pharmacies, and managed care organizations to develop a process to identify and report at the point of sale those drugs eligible for federal discounts provided to MA recipients served by managed care organizations to exclude those drugs from drug rebate programs, and provide recommendations to the legislature by March of 2019.

Assumptions

Currently, DHS directly pays FQHC and RUC providers for services provided to MA enrollees in managed care. Providers first submit claims to the managed care organization before they are sent directly to DHS for payment. Under this bill, FQHCs and RUCs would instead submit claims for services provided to managed care enrollees directly to DHS starting in January of 2019. We assume that this change has no fiscal impact.

DHS would also be required to periodically send managed care organizations summary claims information regarding FQHC services provided to MA enrollees in managed care. DHS can accomplish this work using existing resources.

This legislation requires DHS to work with providers, contract pharmacies, and health plans to develop a process to ensure drugs dispensed to managed care enrollees and eligible for a federal drug discount program are not also receiving Medicaid rebates. Managing a stakeholder group will require contracting with an outside facilitator, and the estimated cost of this contract is reflected in the expenditure detail below.

Finally, this legislation will require changes to MMIS to allow payment of health care claims for managed care enrollees. Currently there is an edit in the system preventing claims payment for services provided to people enrolled in managed care plans. The state share of costs for removing the edit and for testing is included in the fiscal detail.

Expenditure and/or Revenue Formula

Fiscal Tracking Summary (\$000's)						
Fund	BACT	Description	FY2018	FY2019	FY2020	FY2021
GF	13	HCA Admin		25	0	0
GF	REV1	FFP @ .35		(9)	0	0
GF	11	Systems (MMIS @ .29)		5	1	1
		Total Net Fiscal Impact		21	1	1
		Full Time Equivalents				

Long-Term Fiscal Considerations

None

Local Fiscal Impact

None

References/Sources

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