

FISCAL NOTE

Requested by Legislative Council
01/18/2005

Bill/Resolution No.: HB 1470

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2003-2005 Biennium		2005-2007 Biennium		2007-2009 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	(\$1,209,818)	\$0	(\$1,519,484)
Expenditures	\$0	\$0	(\$402,129)	(\$1,209,818)	(\$646,944)	(\$1,519,484)
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2003-2005 Biennium			2005-2007 Biennium			2007-2009 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

This bill would amend and reenact subsection 2 of section 50-24.6-02 and section 50-24.6-04 of the NDCC relating to the membership of the drug use review board and the prior authorization program.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

For 2005-2007 the department would potentially receive federal title XIX revenue related to prior authorization activities of \$1,473,081; this amount would be offset due to potential savings of \$2,682,899 from prior authorization activities resulting in a net savings of \$1,209,818.

In 2007-2009 the department would potentially receive federal title XIX revenue related to prior authorization activities of \$1,660,339; this amount would be offset due to potential savings of \$3,179,823, from prior authorization activities resulting in a net savings of \$1,519,484.

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The department would incur insubstantial salary and operating expenditures as a result of adding one member to the drug use review board. Other operating expenditures relate to the contract for prior authorization in the amount of \$1,100,000 (\$550,000 general funds) for 2005-2007 and \$1,133,220 (\$566,610 general funds) for 2007-2009.

Medical assistance grants would increase due to removal of limitations on drugs used to treat mental illness. The estimated increase in expenditures for 2005-2007 would be \$1,419,622 of which \$498,287 would be general funds; for 2007-2009 the increase is estimated to total \$1,727,002 of which \$635,019 would be general funds.

As a result of this bill, medical assistance grants would also decrease due to savings achieved by the prior authorization of prescriptions for certain classes of drugs. For 2005-2007 the potential savings would amount to \$4,133,897 of which \$1,450,998 would be general funds; for 2007-2009 the savings could total \$5,028,978 of which \$1,849,155 would be general funds.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

For 2005-2007, there would be no affect on appropriations.

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Agency: Human Services
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