

FISCAL NOTE

Requested by Legislative Council
03/26/2003

Amendment to: HB 1430

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.*

	2001-2003 Biennium		2003-2005 Biennium		2005-2007 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	(\$2,222,991)	\$0	(\$3,483,528)
Expenditures	\$0	\$0	(\$772,570)	(\$2,222,991)	(\$1,400,269)	(\$3,483,528)
Appropriations	\$0	\$0	\$227,430	\$710,904	\$0	\$0

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

2001-2003 Biennium			2003-2005 Biennium			2005-2007 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

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

This bill would establish a medical assistance drug review program and drug prior authorization program within the Department of Human Services. It would create a separate board to review and recommend what classes of drugs would require prior authorization.

The executive budget included funding for a prior authorization program beginning July 1, 2003 which would utilize an outside contractor. Creating a program within the Department instead would delay implementation of the program to approximately January 1, 2004, thereby reducing prescription drug savings in the 2003-2005 biennium. Because of this, an additional \$938,334 appropriations would be required, of which \$227,430 would be general funds.

If the amendments proposed to SB 2012 by the House Human Resources Appropriation Committee are adopted relating to HB 1430 an additional \$1,000,000 in general funds, which "is not" reflected in the numbers above would need to be added to the Department's appropriation.

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.*

The reduction in other revenues relates to federal medicaid funds.

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.*

For 2003-2005, grant expenditures for prescription drugs would be decreased by \$4,037,921 of which \$1,293,750 would be general funds. This savings would be offset by an increase in operating expenditures from creating and operating a utilization review board and from contracting for prior authorization services. Operating expenditures would increase by \$1,042,360 of which \$521,180 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.

The Executive Budget includes savings of \$3,933,895 of which \$1,000,000 is general funds for prior authorization. Passage of this bill would require an increase in appropriations for 2003-05 of \$938,334 of which \$227,430 would be general funds.

If the amendments proposed to SB 2012 by the House Human Resources Appropriation Committee are adopted relating to HB 1430 an additional \$1,000,000 in general funds, which "is not" reflected in the numbers above would need to be added to the Department's appropriation.

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Agency: Human Services
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