

# 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
<b>Revenues</b>	\$0	\$0	\$0	(\$2,222,991)	\$0	(\$3,483,528)
<b>Expenditures</b>	\$0	\$0	(\$772,570)	(\$2,222,991)	(\$1,400,269)	(\$3,483,528)
<b>Appropriations</b>	\$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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