

FISCAL NOTE
Requested by Legislative Council
02/12/2013

Amendment to: SB 2190

- 1 A. **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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$210,206		\$418,820
Expenditures			\$208,614	\$210,206	\$418,820	\$418,820
Appropriations			\$208,614	\$210,206	\$418,820	\$418,820

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

SB2190 allows a pharmacy to substitute biosimilars for a prescribed product only if requirements are met; and gives individuals the right to refuse the biosimilar chosen by the pharmacist. Biosimilars are less costly; therefore, adding requirements to dispense biosimilars increases Medicaid cost.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 1 allows a pharmacy to substitute biosimilars for a prescribed product only if specific requirements are met; and gives individuals the right to refuse the biosimilar chosen by the pharmacist. Biosimilars are less costly; therefore, adding requirements to dispense biosimilars increases Medicaid cost. The Department believes that the additional requirements, as noted in section 2A, discourage use of biosimilars. The estimated cost will be \$418,820 in the 13-15 biennium, of which \$208,614 would be General Fund. Based on the products scheduled for patent expiration in 2015-2017, the department estimates cost would double in the 15-17 biennium to \$837,640, of which \$418,820 would be General Fund.

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 increase in revenues in each biennium is the additional federal funding the state will receive due to the increased expenditure relating to allowable expenditures.

- 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 costs associated with paying for brand name drugs over generics is estimated at \$418,820 in the 13-15 biennium, of which \$208,614 would be General Fund. The estimated cost in the 15-17 biennium is \$837,640, of which \$418,820 would be General Fund.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

The Department will need an appropriation increase of \$418,820 in 13-15 biennium, of which \$208,614 would be from the General Fund and \$210,206 would be from federal funds. The Department will need an appropriation increase of \$837,640 in 15-17 biennium, of which \$418,820 would be from the General Fund and \$418,820 would be from federal funds.

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