

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION**

**March 18, 2003**

**TO:** Honorable Dianne White Delisi, Chair, House Committee on State Health Care Expenditures, Select

**FROM:** John Keel, Director, Legislative Budget Board

**IN RE: HB1090** by Miller (Relating to prices of certain prescription drugs.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB1090, As Introduced: a negative impact of (\$590,993) through the biennium ending August 31, 2005.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**General Revenue-Related Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2004	(\$298,186)
2005	(\$292,807)
2006	(\$296,656)
2007	(\$300,506)
2008	(\$306,281)

**All Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Savings/(Cost) from GENERAL REVENUE FUND 1</b>	<b>Probable Savings/(Cost) from FEDERAL FUNDS 555</b>
2004	(\$298,186)	(\$785,527)
2005	(\$292,807)	(\$758,777)
2006	(\$296,656)	(\$769,628)
2007	(\$300,506)	(\$780,478)
2008	(\$306,281)	(\$796,753)

**Fiscal Analysis**

The bill would implement recommendation HHS 2, "Reduce Prescription Drug Costs for Seniors" from the Comptroller's e-Texas report, "Limited Government, Unlimited Opportunity".

The bill would require providers in the Medicaid vendor drug program (VDP) to provide any prescription drug available to a Medicaid recipient to a Medicare recipient for a price not to exceed the sum of the amount of reimbursement under Medicaid and a transaction fee in the amount necessary to cover electronic transmission charges. Provisions of the bill would require the posting of all Medicaid prescription drug prices on a website.

The Comptroller of Public Accounts estimates that Texas Medicare recipients could save about \$257 million in prescription drug expenses for the 2004-05 biennium if they became eligible to purchase

prescription drugs at the lower Medicaid price. The net savings is realized after deducting the \$0.15 transaction fee.

### **Methodology**

It is assumed that the Health and Human Services Commission (HHSC) would perform the monitoring and enforcement of the vendor drug program (VDP). It is assumed that approximately 748,500 Medicare recipients would incur about 12 million pharmacy transactions per year through the new system.

HHSC indicates that it would have to create a system to allow pharmacies to perform inquiries to determine the Medicaid price. Per the agency's analysis, the VDP would need four additional FTEs, three (3) help desk staff and a contract monitor. The pharmacies would retain the transaction fee. HHSC assumes the VDP pricing component would be implemented January 1, 2004.

### **Technology**

3,000 hours of programming at \$110 per hour to set up Medicare query capacity for a total cost of \$890,000 at the Department of Human Services.

### **Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller Of Public Accounts, 529 Health And Human Services Commission

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