

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 19, 2003

TO: Honorable Jane Nelson, Chair, Senate Committee on Health & Human Services

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB3486 by Delisi (Relating to a health care facility's return of certain unused drugs to a pharmacy and to reimbursement or credit under the state's medical assistance program for returned drugs.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3486, As Engrossed: a positive impact of \$3,229,474 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:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	\$962,475
2005	\$2,266,999
2006	\$2,644,178
2007	\$3,071,907
2008	\$3,559,893

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/ (Loss) from VENDOR DRUG REBATES- MEDICAID 706	Probable Savings/(Cost) from GR MATCH FOR MEDICAID 758	Probable Savings/(Cost) from FEDERAL FUNDS 555
2004	(\$244,248)	\$1,206,723	\$1,815,177
2005	(\$570,673)	\$2,837,672	\$4,295,741
2006	(\$665,620)	\$3,309,798	\$5,010,458
2007	(\$773,292)	\$3,845,199	\$5,820,962
2008	(\$896,133)	\$4,456,026	\$6,745,648

Fiscal Analysis

The bill would provide for the return of certain unused prescription drugs to the Medicaid Vendor Drug Program. The payment to pharmacies would be reduced by the amount of unused, unadulterated medication returned to the pharmacy.

The Board of Pharmacy would be required to adopt rules. It is assumed that this would result in no significant fiscal impact.

Methodology

The Health and Human Services Commission (HHSC) assumes that four percent of the prescriptions for nursing home residents would be returned. The total number of returned prescriptions is assumed to be 124,132 in fiscal year 2004, 258,637 in fiscal year 2005, 269,355 in fiscal year 2006, 280,129 in fiscal year 2007, and 291,334 in fiscal year 2008. HHSC assumes that 50 percent of the prescribed drug supply per prescription would be returned for restocking. The total adjusted cost-savings per prescription of the returned drugs is estimated to be \$24.60 in fiscal year 2004, \$27.58 in fiscal year 2005, \$30.89 in fiscal year 2006, \$34.51 in fiscal year 2007, and \$38.45 in fiscal year 2008.

Rebates would be adjusted based upon the total cost-savings of the returned products. HHSC assumes that the loss of Medicaid rebates would be approximately eight percent of the total cost-savings.

The program would be implemented in March 2004.

Technology

\$31,200 total programming costs at the Department of Human Services.

Local Government Impact

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

Source Agencies: 515 Board of Pharmacy, 529 Health and Human Services Commission

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