

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

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**March 28, 2007**

**TO:** Honorable Dianne White Delisi, Chair, House Committee on Public Health

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE: HB2067** by Martinez, "Mando" (Relating to prescription drug coverage under the state Medicaid program.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds for HB2067, As Introduced:** a negative impact of (\$60,940,193) through the biennium ending August 31, 2009.

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
2008	(\$28,199,212)
2009	(\$32,740,981)
2010	(\$37,750,816)
2011	(\$43,602,193)
2012	(\$50,360,532)

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

Fiscal Year	Probable (Cost) from <i>GR MATCH FOR MEDICAID</i> <b>758</b>	Probable (Cost) from <i>VENDOR DRUG REBATES-MEDICAID</i> <b>706</b>	Probable (Cost) from <i>Vendor Drug Rebates- Sup Rebates</i> <b>8081</b>	Probable (Cost) from <i>FEDERAL FUNDS</i> <b>555</b>
2008	(\$28,199,212)	(\$11,759,627)	(\$2,773,844)	(\$65,559,558)
2009	(\$32,740,981)	(\$13,820,176)	(\$3,236,339)	(\$74,820,862)
2010	(\$37,750,816)	(\$16,096,649)	(\$3,743,407)	(\$86,386,307)
2011	(\$43,602,193)	(\$18,591,629)	(\$4,323,635)	(\$99,776,185)
2012	(\$50,360,532)	(\$21,473,332)	(\$4,993,798)	(\$115,241,493)

Fiscal Year	Probable Revenue Gain from <i>VENDOR DRUG REBATES- MEDICAID</i> <b>706</b>	Probable Revenue Gain from <i>Vendor Drug Rebates- Sup Rebates</i> <b>8081</b>
2008	\$11,759,627	\$2,773,844
2009	\$13,820,176	\$3,236,339
2010	\$16,096,649	\$3,743,407
2011	\$18,591,629	\$4,323,635
2012	\$21,473,332	\$4,993,798

## **Fiscal Analysis**

The bill would amend Section 32.024 of the Human Resources Code to require that the Health and Human Services Commission not limit to less than four the number of prescriptions covered per month for a recipient of prescription drug benefits under Medicaid. The bill would have an effective date of September 1, 2007.

## **Methodology**

Calculations by the Health and Human Services Commission (HHSC) are based on data for clients limited to three prescriptions per month (approximately 175,000 clients) for the first quarter of fiscal year 2007. HHSC estimates that implementation of the bill would result in 1,471,338 additional prescriptions provided in 2008 and 1,535,632 in fiscal year 2009, increasing to 1,781,957 by fiscal year 2012. The estimated cost per prescription would be \$73.60 in fiscal year 2008 and \$81.15 in fiscal year 2009, increasing to \$107.79 in fiscal year 2012.

## **Technology**

The Health and Human Services Commission estimates that implementation of the bill would have a Technology Impact of \$108,000 in fiscal year 2008 for the contractor to reprogram its claims adjudication system.

## **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 529 Health and Human Services Commission

**LBB Staff:** JOB, CL, PP, VJC