

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 27, 2009

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

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

IN RE: SB1645 by Van de Putte (Relating to reimbursement under the Medicaid vendor drug program for pharmacy care management services provided in connection with specialty pharmacy products.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1645, As Introduced: a negative impact of (\$3,164,079) through the biennium ending August 31, 2011.

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
2010	(\$1,616,117)
2011	(\$1,547,962)
2012	(\$1,547,208)
2013	(\$1,547,208)
2014	(\$1,547,208)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>GR Match For Medicaid</i> 758	Probable (Cost) from <i>Federal Funds</i> 555
2010	(\$1,616,117)	(\$2,403,883)
2011	(\$1,547,962)	(\$2,222,038)
2012	(\$1,547,208)	(\$2,222,792)
2013	(\$1,547,208)	(\$2,222,792)
2014	(\$1,547,208)	(\$2,222,792)

Fiscal Analysis

The bill would require the Health and Human Services Commission (HHSC) Vendor Drug Program to provide a reimbursement for care management services provided by pharmacies for the treatment of chronic conditions or management of complex care issues. Care management services are separate from the reimbursement for prescription products and their dispensing and would be limited to services related to treatment with a specialty pharmacy product, which includes: injection and infusion therapies; biotechnology drugs; high-cost therapies; and therapies requiring complex care.

The bill requires pharmacies seeking reimbursement for care management services to provide verification that the services were provided in connection with a specialty pharmacy product dispensed by the pharmacy. The bill also requires HHSC to consult with pharmacies who provide care

management services, to determine reimbursement rates based on accurate costs of products, services, and administrative costs.

The bill would allow HHSC to obtain federal approval prior to the implementation of this benefit if federal approval is determined to be required.

The bill would take effect September 1, 2009.

Methodology

The Health and Human Services Commission provided a cost estimate based on a similar program in another state. Based on current data on Medicaid clients receiving specialty pharmacy products, it is assumed that 13,000 unduplicated Medicaid recipients would receive services under the new program. The cost to reimburse pharmacies would be approximately \$3.8 million per fiscal year for the new program. This would include a \$50 initial annual fee to enroll in the program and a \$20 per recipient per month average cost, for a total of \$290 per person per year. The Federal Funds matching rate is 58.8 percent in fiscal year 2010 and 58.9 percent in fiscal year 2011 for these client services.

In addition, HHSC would need to update the electronic claims management system to reflect the new program. The cost is estimated to be \$250,000 in All Funds, with a 75.0 percent Federal Funds matching rate, in fiscal year 2010.

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, MB