

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 29, 2009

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

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

IN RE: SB1706 by West (Relating to the establishment of a program to provide prescribers with evidence-based information about pharmaceuticals; assessing a fee; providing penalties.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1706, As Introduced: a positive impact of \$367,500 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	\$367,500
2011	\$0
2012	\$0
2013	\$0
2014	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain from New GR-Related Wholesale Drug Distributor Fee	Probable (Cost) from New GR-Related Wholesale Drug Distributor Fee
2010	\$1,167,500	(\$800,000)
2011	\$1,167,500	(\$1,167,500)
2012	\$1,167,500	(\$1,167,500)
2013	\$1,167,500	(\$1,167,500)
2014	\$1,167,500	(\$1,167,500)

Fiscal Analysis

The bill would amend Chapter 531 of the Government Code to add subchapter Q, Evidence-based Prescriber Education Service. It would require the Health and Human Services Commission (HHSC) to establish a prescriber education service with certain requirements related to outreach and education. The service would be made available to health care professionals who are licensed to prescribe or dispense prescribed products.

The bill would require each wholesale distributor of prescription drugs that utilizes one or more marketing representatives in Texas to market their drugs to pay to HHSC an annual fee of \$2,500. The fee would be deposited to the credit of the General Revenue Fund and would be available for appropriation only for the education services established by the bill. A distributor that fails to pay the

fee would be subject to disciplinary action.

HHSC would seek federal financial participation for any academic detailing provided through the state Medicaid program. In addition, the agency would seek grants and gifts from nonprofit charitable foundations to assist in funding the development and operation of the education service. The bill would take effect September 1, 2009.

Methodology

HHSC assumes that the agency would contract for development of the training materials and provision of the education services. The contract for materials development would start on January 1, 2010, with services to begin on September 1, 2010 (fiscal year 2011). The agency estimates that there are 479 wholesale drug distributors meeting the requirements of the bill. The revenue included above assumes each distributor pays the \$2,500 fee. The revenue is assumed to offset the costs of the program. These costs are estimated to be \$0.8 million in fiscal year 2010 for materials development and educator training and \$1.2 million in each subsequent fiscal year to provide the training curriculum to approximately 5,000 health care providers each year (for approximately \$250 cost per person). It is assumed that the costs will be structured to fit within the available revenue, along with any federal funds, grants, or gifts that become available. These are not included in the tables above; the agency was not able to estimate how much they may receive.

The new revenue would need to be appropriated to HHSC in the General Appropriations Act.

If the prescriber education service were made available to all of the estimated 50,000 health care professionals in Texas, the estimated cost would increase substantially. However, there could be some offset through education fees charged to health care professionals, as specified by the bill.

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