

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

March 29, 2011

TO: Honorable Lois W. Kolkhorst, Chair, House Committee on Public Health

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

IN RE: HB1230 by Hopson (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 HB1230, As Introduced: a negative impact of (\$1,833,918) through the biennium ending August 31, 2013.

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
2012	(\$937,997)
2013	(\$895,921)
2014	(\$897,395)
2015	(\$897,395)
2016	(\$897,395)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1	Probable Savings/(Cost) from Federal Funds 555
2012	(\$937,997)	(\$1,417,575)
2013	(\$895,921)	(\$1,209,651)
2014	(\$897,395)	(\$1,208,177)
2015	(\$897,395)	(\$1,208,177)
2016	(\$897,395)	(\$1,208,177)

Fiscal Analysis

Section 1 would require the Vendor Drug Program to provide reimbursement for care management services provided by pharmacies for the treatment of chronic conditions or management of complex care issues. Care management services would be 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 would require 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 would require HHSC to consult with pharmacies that provide care

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

Section 2 would require HHSC to obtain federal approval if federal approval is determined to be required and allows the delay of implementation of this benefit until the waiver or authorization is granted.

The bill would take effect September 1, 2011.

Methodology

HHSC estimated the cost of implementing the bill would be \$1.8 million in General Revenue Funds and \$4.5 million in All Funds in the 2012-13 biennium, assuming implementation effective September 1, 2011.

HHSC assumed that the reimbursement charges for specialty pharmacy products would be modeled after the Minnesota program which has a medication therapy management program (MTM) that pays for an initial visit (\$52 for 1st 15 minutes) and a follow-up visit (\$34 for 1st 15 minutes) with additional 15 minute increments charged at \$24.

Payment data provided by the Minnesota program showed about 1.85 encounters per client per year at a cost of about \$86.40 per encounter for a cost of about \$160 per client per year. HHSC estimated there were about 13,173 unique clients receiving specialty drugs in the Texas Medicaid Vendor Drug program in fiscal year 2009. No caseload growth or inflation was assumed for the five year period shown in the cost estimates above.

Technology

The total cost for making system modifications to the electronic claims management system would be a one-time cost of \$250,000 in the first year of the project. It is assumed that the match rate would be 75% Federal XIX and 25% Medicaid General Revenue.

Local Government Impact

No fiscal implication to units of local government is anticipated.

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

LBB Staff: JOB, CL, JI, ACI