

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 13, 2015

TO: Honorable Myra Crownover, Chair, House Committee on Public Health

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2271 by Sheffield (Relating to the prescription drug donation program; authorizing fees.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2271, As Introduced: a negative impact of (\$8,609,095) through the biennium ending August 31, 2017.

The bill could generate additional revenue depending on the collection of handling fees, which cannot be estimated.

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
2016	(\$5,616,022)
2017	(\$2,993,073)
2018	(\$1,133,147)
2019	(\$1,145,439)
2020	(\$1,145,439)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Change in Number of State Employees from FY 2015
2016	(\$5,616,022)	5.6
2017	(\$2,993,073)	5.6
2018	(\$1,133,147)	4.6
2019	(\$1,145,439)	4.6
2020	(\$1,145,439)	4.6

Fiscal Analysis

The bill would amend Chapter 431 of the Health and Safety Code to give the Department of State Health Services (DSHS) authority over the prescription drug donation program. The bill would authorize DSHS to charge a handling fee to offset the costs of operating the program. The bill would require DSHS to establish and maintain a searchable, electronic database of donated prescription drugs. The bill would add additional requirements related to the acceptance and dispensation of donated drugs. The bill would exempt certain persons from liability and professional disciplinary action for harm caused by dispensing or administering donated drugs in certain circumstances.

Methodology

DSHS indicates that total costs to operate the prescription drug donation program would be \$5.6 million in General Revenue and All Funds for fiscal year 2016, \$3.0 million for fiscal year 2017, and \$1.1 million for every year thereafter. DSHS would need approximately 5.6 full-time equivalent positions (FTEs) for fiscal years 2016 and 2017 and 4.6 FTEs for every year thereafter. Salary costs would be \$361,113 for fiscal year 2016, \$361,074 for fiscal year 2017, and \$290,780 for every year thereafter. Benefit costs would be \$122,345 for fiscal year 2016, \$122,332 for fiscal year 2017, and \$98,516 for every year thereafter. Other operating expenses would be \$988,233 for fiscal year 2016, \$587,655 for fiscal year 2017, \$743,851 for fiscal year 2018, and \$756,142 for every year thereafter. In addition to these costs, DSHS anticipates start-up expenses. DSHS would contract out the development of the database of donated prescription drugs. DSHS indicates that the current inventory system (ITEAMS) would not be able to support the requirements of the bill, and that upgrade costs would equal the cost of a new system. The cost to develop a new system would be \$4.1 million for fiscal year 2016 and \$1.9 million for fiscal year 2017. Other start-up expenses would be \$14,000 for fiscal year 2016. The Health and Human Services Commission indicates that rulemaking activities necessary to implement the bill can be absorbed within available resources. The amount of revenue that would be generated from handling fees as authorized by the bill cannot be estimated.

It is not anticipated that the bill would have a significant fiscal impact on the Medicaid program. According to HHSC, physicians who distribute prescription donated drugs to Medicaid recipients may bill the Medicaid program for costs associated with the administration of the prescription donated drug or the related office visit. It is assumed these costs would be offset by savings associated with less prescription drug costs billed to the Medicaid program. However, if the costs associated with the administration of the prescription donated drug or the related office visit are greater than the costs of the prescription drug, there could be a cost to the Medicaid program.

Technology

DSHS indicates there would be technology costs to establish and maintain a database of donated prescription drugs. In addition, DSHS anticipates technology costs for computers, software, and other system modifications. These costs are included in the figures above.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 529 Health and Human Services Commission, 537 State Health Services, Department of

LBB Staff: UP, NB, WP, ADe, RC, VJC