

Fiscal Estimate - 2005 Session

Original Updated Corrected Supplemental

LRB Number 05-4058/1	Introduction Number AB-922	
Description Requiring a report on physician prescribing practices under Medical Assistance		
Fiscal Effect		
State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input checked="" type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs		
Local: <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts		
Fund Sources Affected Affected Ch. 20 Appropriations <input checked="" type="checkbox"/> GPR <input checked="" type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.435(4)(bm), (bv), (pa), (pg), (p), (o), (w)		
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Fiscal Estimate Narratives

DHFS 2/23/2006

LRB Number 05-4058/1	Introduction Number AB-922	Estimate Type Original
Description Requiring a report on physician prescribing practices under Medical Assistance		

Assumptions Used in Arriving at Fiscal Estimate

Assembly Bill 922 requires the Department of Health and Family Services to submit to the Legislature a report that provides for each Medicaid certified physician in fiscal years 2005 and 2006: a) the percentage of prescriptions written for generic drugs and the percentage written for non-generic drugs, b) the number and percentage of the prescriptions that require prior authorization, and c) for prescriptions written for drugs for which a generic drug was available, the number and percentage that specified a non generic.

Currently, the Department does not collect information based on prescriptions written. However, the Department does have this information based on the prescriptions dispensed. Prescriptions written can vary slightly from prescriptions dispensed in cases in which the pharmacist substitutes a generic drug for a prescription that has been written for a brand name drug.

Since Assembly Bill 922 requires the Department to collect information on the number of prescriptions written by each physician, a system to collect this information would need to be established. To collect the information the Department would have to require pharmacists to submit to the Medicaid fiscal agent each prescription that is written and the fiscal agent would have to compile the data to produce the report. There are approximately eight million Medicaid prescriptions written annually.

The fiscal agent costs would be approximately \$750,000 AF (\$375,000 GPR) annually to collect this information and produce the report.

Requiring pharmacists to submit each prescription written may prompt pharmacist to call for an increase in the dispensing fee to recognize the added administrative burden of reporting this information. Based on 8.0 million prescriptions, a \$0.50 per prescription increase in the dispensing fee would cost \$4,000,000 AF (\$1,687,200 GPR).

If Assembly Bill 922 was amended to allow the Department to provide this information based on the prescriptions dispensed, there would be no significant fiscal impact. Data for a report based on prescriptions dispensed is currently available and would require no additional resources to collect. However, the Department would need to allocate staff time to compile the report.

It should be noted that the analysis of such data whether based on the number of prescriptions written or the number of prescriptions dispensed is limited and should not be used for policymaking purposes without additional information. Given the variation across physician specialties, it is not reasonable to expect that all physicians will have similar fill rates. For example, there are no generic drugs available to treat HIV/AIDS. Therefore, many infectious disease physicians may have high brand prescription rates. A physician's patient mix and other reasons across medical practices may also require a physician to request prior authorization with greater frequency than others. In addition, since the Department operates a preferred drug list, in some classes the Department makes brand drugs preferred because the supplemental rebates for those drugs make them less expensive than the generic. Finally, the reporting of this data would have to be limited in certain circumstances in order to comply with Federal Health Insurance Portability and Accountability Act (HIPAA) privacy guidelines.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

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 Updated
 Corrected
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Description Requiring a report on physician prescribing practices under Medical Assistance			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes	\$		
(FTE Position Changes)			
State Operations - Other Costs	750,000		
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$750,000		\$
B. State Costs by Source of Funds			
GPR	375,000		
FED	375,000		
PRO/PRS			
SEG/SEG-S			
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
	Increased Rev	Decreased Rev	
GPR Taxes	\$		\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues	\$		\$
NET ANNUALIZED FISCAL IMPACT			
	State	Local	
NET CHANGE IN COSTS	\$750,000		\$
NET CHANGE IN REVENUE	\$		\$
Agency/Prepared By		Authorized Signature	Date
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