

Fiscal Estimate Narratives

DHS 11/10/2009

LRB Number	09-3515/1	Introduction Number	AB-0506	Estimate Type	Original
Description Substitutions by pharmacists dispensing epilepsy drugs					

Assumptions Used in Arriving at Fiscal Estimate

Current Policy

Under current law, a pharmacist is required to dispense a prescription using the drug prescribed or, if the price is lower, a drug the federal Food and Drug Administration has designated the therapeutic equivalent of the drug prescribed (generic equivalent). Dispensing regulations allow for a physician to prescribe a brand name medication when a generic equivalent is available by writing "Brand Medically Necessary" on the prescription. If the patient is on Medicaid, BadgerCare Plus, or SeniorCare, and the physician determines that due to the seizures or other medical complications the patient's care would be best managed by brand name prescriptions, they can receive a Prior Authorization to approve use of the brand-name medication by demonstrating the medical necessity of a brand drug.

Summary of Bill

This bill would prohibit a pharmacist from substituting a generic equivalent if the drug prescribed is used to treat epilepsy or convulsions, unless the pharmacist obtains and documents the consent of the prescribing practitioner and the patient or the patient's agent. Also, if a pharmacist is dispensing a refill of an epilepsy drug, the bill requires the pharmacist to dispense the same drug product, from the same manufacturer, that was previously dispensed unless the pharmacist obtains and documents the consent of the prescribing practitioner and the patient's agent.

Approximately 503,200 Preferred and Non-Preferred brand name anticonvulsants and their generic equivalents are prescribed annually. The current generic equivalent utilization is approximately 85 percent. With generic equivalents accounting for approximately 34% of the cost of brand name anticonvulsants, the average cost difference between generic and brand name drugs is approximately \$195 per prescription, before rebates are applied.

Medications prescribed for epilepsy can also be used for other diseases; the physician does not indicate the medical diagnosis on the prescription. For this reason, pharmacists would need to consult with the physician and patient or patient's agent before substituting generic equivalents regardless of the disease being treated.

Data on changes in the ratio of brand and generic anticonvulsants upon passage of similar bills in other states is unavailable. DHS estimates the substitution rate may change by 10 to 20 percent. If this bill results in 10% fewer generic prescriptions for anticonvulsants with a generic equivalent, the estimated annual cost to the Medicaid program would be \$5,867,100 AF (\$2,405,500 GPR). If the bill results in 20% fewer generic prescriptions for anticonvulsants, the estimated annual cost to the Medicaid program would be \$11,734,100 AF (\$4,811,000 GPR). The midpoint of these estimates (15% fewer generic prescriptions) is \$8,800,600 AF (\$3,608,300 GPR).

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

LRB Number 09-3515/1		Introduction Number AB-0506	
Description Substitutions by pharmacists dispensing epilepsy drugs			
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			
Local Assistance			
Aids to Individuals or Organizations	8,800,600		
TOTAL State Costs by Category	\$8,800,600		\$
B. State Costs by Source of Funds			
GPR	3,608,300		
FED	5,192,300		
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	\$8,800,600	\$	
NET CHANGE IN REVENUE	\$	\$	
Agency/Prepared By			
DHS/ Carrie Schneck (608) 266-5362		Authorized Signature	
		Andy Forsaith (608) 266-7684	
Date			11/10/2009