

Fiscal Estimate - 2023 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 23-2777/1	Introduction Number SB-0263	
Description 100-day prescription drug supplies under SeniorCare and amending an administrative rule related to 100-day prescription drug supplies permitted under SeniorCare		
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 checked="" type="checkbox"/> Yes <input 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), 20.435 (4) (bv), 20.435 (4) (pa), and 20.435 (4) (pg)		
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Fiscal Estimate Narratives

DHS 5/24/2023

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Description 100-day prescription drug supplies under SeniorCare and amending an administrative rule related to 100-day prescription drug supplies permitted under SeniorCare					

Assumptions Used in Arriving at Fiscal Estimate

The bill allows SeniorCare participants to purchase, per a prescription order by a prescribing health care provider, 100-day supplies of prescription drugs authorized under administrative rules promulgated by DHS and otherwise covered through the SeniorCare program, at the rates provided under the program.

The bill creates s. 49.688 (3m) which establishes 100-day coverage of prescription orders by a health care provider. The bill amends DHS 109.31 (3) (e) to include any drug to be prescribed a 100-day supply, as determined by the department on the basis of clinical considerations, safety, costs, and other factors. Additionally, the bill requests the Department of Health Services to request a federal waiver or amendment to an existing waiver if necessary to implement s. 49.688 (3m).

Prescription drug reimbursement consists of a copayment by the SeniorCare member, professional dispensing fees, and ingredient costs.

SeniorCare is a Medicaid program; therefore, SeniorCare and Medicaid prescription drug claiming utilizes the same claiming system. The Department estimates that the Medicaid claims system would need to be modified to allow for 100-day prescription drug claims for SeniorCare members only. The one-time cost of this project is estimated at \$300,000 all funds (\$30,000 GPR and \$270,000 FED).

Current law allows for 34-day supply prescriptions for most drugs with generic drugs copayment being \$5 per prescription. The dispensing fee is \$10.11 per prescription for drugs with an annual volume over 35,000 and \$15.69 for drugs with a volume under 35,000. A dispensing fee is usually paid once per member, per service, per month, per provider, depending on the prescriber's prescription.

Also, under authority in current statutes and administrative rules, the Medicaid and SeniorCare programs allow 100-day supply for certain types of drugs.

The bill would establish 100-day supply coverage for additional prescription drugs, based on criteria in the bill. When comparing cost or savings compared to current law, it is necessary to analyze three 34-day supply prescriptions to one 100-day supply prescriptions. Additionally, reduction in copayment reflect a reduction in revenue to SeniorCare while a reduction in dispensing fees is a reduction of expenses to the program.

Comparing current law to the bill language, for generic drugs, current law charges \$15 of copayment for three 34-day supply prescriptions to \$5 of copayment for one 100-day supply prescription in the proposal. Additionally, current law pays \$30 to \$45 for dispensing fees for three 34-day supply prescriptions compared to \$10 to \$15 for one 100-day supply in the bill.

Brand name prescription drugs charge \$15 of copayment per prescription compared to \$5 for generic drugs. The dispensing fees for brand name drugs are the same as generic drugs.

During the COVID-19 pandemic, the Department implemented a temporary three-month supply policy for SeniorCare members. The temporary policy ended in December 2022. Calendar Year 2019 (CY19) represents the most recent calendar year before implementation of the temporary policy. In that year, professional dispensing fees totaled \$13.6 million all funds (AF) while total drug copayments total \$7.1 million AF for the same time period. In other words, the cost of dispensing fees exceeded revenues from copayments by \$6.5 million AF.

Currently, after the expiration of the temporary policy last December, certain drugs remain on the 100-day supply list, representing 22% of current claim volume for the Medicaid and SeniorCare programs combined. SeniorCare copayment revenues for these drugs total an estimated \$1.0 million AF (\$0.4 million GPR). The Department projects that the current 100-day supply list would double to 44% of claims and copayment costs of \$2.1 million AF (\$0.8 million GPR). This would reflect a \$1.0 million AF (\$0.4 million GPR) increase in copayment revenues for 100-day supply prescriptions. However, due to expanded 100-day supply claims, its projected that 34-day supply copayments would decrease by \$3.1 million AF (\$1.2 million GPR). Therefore, with the anticipated doubling effect of 100-day supply list, the SeniorCare program would lose \$2.1 (\$0.8 million GPR) million AF in SeniorCare copayment revenue.

In CY 2019, the SeniorCare program spent \$13.6 million AF (\$5.4 million GPR) on dispensing fees. If the same volume proportions are applied to dispensing fees, it is anticipated that dispensing fees in the program would decrease by \$4.0 million AF (\$1.6 million GPR). Therefore, its projected that the total SeniorCare program would save \$1.9 million AF (\$0.8 million GPR).

In addition, it is important to note that the SeniorCare cost to continue re-estimate in the Governor's 2023-25 biennial budget is based on actual expenditures primarily from the period when the temporary 100-day policy was in place. Therefore, the fiscal effect of the bill compared to funding levels for SeniorCare benefits in the Governor's Budget is projected to be minimal.

To summarize, the known one-time costs are estimated at \$300,000 all funds (\$30,000 GPR and \$270,000 FED), while the benefits cost effect is expected to be minimal.

Long-Range Fiscal Implications