



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SB 224** SLS 24RS 354
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: March 26, 2024	5:47 PM	Author: OWEN, ROBERT
Dept./Agy.: LDH		
Subject: opioid alternatives		Analyst: Shawn Hotstream

PHARMACEUTICALS OR INCREASE GF EX See Note Page 1 of 1
 Provides relative to opioid alternatives. (8/1/24)

Proposed law prohibits a Medicaid Managed Care Organization (MCO) from denying coverage of a non-opioid prescription drug in favor of an opioid prescription drug when a licensed physician has prescribed a non-opioid medication for the treatment of chronic or acute pain. Proposed law provides that LDH shall cover any non-opioid drug approved by the US Food and Drug Administration for the treatment or management of pain on the Medicaid single preferred drug list, and on any preferred drug list administered by a Medicaid MCO.

Proposed law provides for requirements of LDH relative to opioid use, public awareness and education, expansion of treatment, provide programs connecting individuals with opioid use disorders with available services, and assistance to political subdivisions.

Proposed law requires LDH to reimburse or fund law enforcement and emergency responder expenditures relating to the opioid epidemic, including the cost of responding to emergency medical or police calls, and to reimburse attorney fees and allowable expenses directly related to opioid litigation. Political subdivisions impacted by the opioid crisis shall be eligible for support from LDH, and receipt of opioid funds.

EXPENDITURES	2024-25	2025-26	2026-27	2027-28	2028-29	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0

Annual Total

REVENUES	2024-25	2025-26	2026-27	2027-28	2028-29	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0

Annual Total

EXPENDITURE EXPLANATION

Proposed legislation is anticipated to result in an increase in Medicaid pharmacy expenditures by an indeterminable amount. This measure removes prior authorization for certain drugs that are alternatives to opioids. LDH indicates that by designating alternative drugs as preferred drugs on the drug list, pharmacy expenditures will increase significantly as a result of losing rebate dollars and a shift in market share to more expensive drugs (alternatives). The shift in market share is based on these alternatives being more easy to obtain. LDH modeled every drug in these classes identified as non-opioid alternative treatment therapeutic classes (neuropathic pain, oral and injectable non-steroidal anti-inflammatory drugs, NSAIDs, and skeletal muscle relaxants) to preferred status which accounted for a loss in rebates. LDH then modeled a market shift by assuming that 20% of more expensive agents (with similar ingredients) will be utilized. Moving all of the drug agents in these classes to preferred with market shifts to more expensive products will result in an increase of preferred drug list (PDL) spend for certain classes from the current PDL spend, from \$8,380,104 to a projected spend of \$21,579,631 (\$13,199,527 increase) per quarter, or an increase of \$52,798,108 per year. The LFO can not corroborate these assumptions or projections.

In addition, expenditures of the department will increase by a significant, but indeterminable, amount based on reimbursement requirements under this measure. LDH is required to reimburse law enforcement and emergency responders for expenditures related to the opioid epidemic, including costs of responding to emergency medical or police calls for service, equipment, treatment or response alternatives, mental health response training, and training for law enforcement and emergency responders as to appropriate practices dealing with opioids. Furthermore, LDH shall reimburse attorney fees and allowable expenses directly related to opioid litigation incurred as part of legal services agreements, and reimburse political subdivisions impacted by the opioid crisis. In addition, LDH is required to support/fund training related to opioid use and non-opioid treatment services. Reimbursement amounts or methodologies are not identified in the bill.

REVENUE EXPLANATION

Increased premium payments to managed care organizations (MCOs) will result in additional taxes collected by LDH. Tax revenues are 5.5% of premiums paid to MCOs.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Patrice Thomas
Deputy Fiscal Officer