

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4035S.01I  
 Bill No.: SB 959  
 Subject: Department of Commerce and Insurance; Health Care; Insurance - Health;  
 Pharmacy  
 Type: Original  
 Date: March 4, 2022

Bill Summary: This proposal specifies additional circumstances under which a patient shall be granted an exception to a step therapy protocol required by a health carrier for coverage of a prescription drug.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
General Revenue Fund	\$0 to (\$2,878,203)	\$0 to (\$6,504,134)	\$0 to (\$6,504,134)
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0 to (\$2,878,203)</b>	<b>\$0 to (\$6,504,134)</b>	<b>\$0 to (\$6,504,134)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Other State Funds	\$0 to (\$698,349)	\$0 to (\$1,578,122)	\$0 to (\$1,578,122)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0 to (\$698,349)</b>	<b>\$0 to (\$1,578,122)</b>	<b>\$0 to (\$1,578,122)</b>

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>
Federal Funds	\$0 to (\$1,658,448)	\$0 to (\$3,747,744)	\$0 to (\$3,747,744)
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0 to (\$1,658,448)</b>	<b>\$0 to (\$3,747,744)</b>	<b>\$0 to (\$3,747,744)</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Missouri Consolidated Health Care Plan (MCHCP)** state the language in the bill would affect MCHCP in that Express Scripts provides the utilization management of the MCHCP's prescription benefit. Based on the broadness of the language and lack of regulatory guidance, the step therapy programs currently in place for MCHCP could be negatively impacted. In CY 2020, step therapy saved MCHCP \$7.7 million and without an effective program, MCHCP estimates the fiscal impact to be up to a \$5.235 million cost in FY23 (6 months of CY2023), and \$11.83 million in FY24.

Since it is unknown if this legislation will impact MCHCP's step therapy programs, **Oversight** will range the fiscal impact as \$0 (step therapy programs are not impacted) or a cost split between the General Revenue Fund, Federal Funds and Other State Funds as listed below (step therapy programs are impacted).

	FY 2023	FY 2024	FY 2025
General Revenue Fund (54.98%)	(\$2,878,203)	(\$6,504,134)	(\$6,504,134)
Federal Funds (31.68%)	(\$1,658,448)	(\$3,747,744)	(\$3,747,744)
Other State Funds (13.34%)	(\$698,349)	(\$1,578,122)	(\$1,578,122)
Total	(\$5,235,000)	(\$11,830,000)	(\$11,830,000)

Officials from the **Department of Commerce and Insurance**, the **Department of Health and Senior Services**, the **Department of Social Services**, the **Missouri Department of Conservation**, the **Missouri Department of Transportation**, **Kansas City** and the **City of Springfield** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, **Oversight** will reflect a zero impact in the fiscal note for these agencies.

Officials from the **Department of Public Safety - Missouri Highway Patrol** defer to the Missouri Department of Transportation for the potential fiscal impact of this proposal.

**Oversight** only reflects the responses received from state agencies and political subdivisions; however, other cities and counties were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
<b>GENERAL REVENUE FUND</b>			
<u>Cost – MCHCP Step Therapy Programs</u>	<u>\$0 to (\$2,878,203)</u>	<u>\$0 to (\$6,504,134)</u>	<u>\$0 to (\$6,504,134)</u>
<b>ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND</b>	<b><u>\$0 to (\$2,878,203)</u></b>	<b><u>\$0 to (\$6,504,134)</u></b>	<b><u>\$0 to (\$6,504,134)</u></b>
<b>FEDERAL FUNDS</b>			
<u>Cost – MCHCP Step Therapy Programs</u>	<u>\$0 to (\$1,658,448)</u>	<u>\$0 to (\$3,747,744)</u>	<u>\$0 to (\$3,747,744)</u>
<b>ESTIMATED NET EFFECT TO FEDERAL FUNDS</b>	<b><u>\$0 to (\$1,658,448)</u></b>	<b><u>\$0 to (\$3,747,744)</u></b>	<b><u>\$0 to (\$3,747,744)</u></b>
<b>OTHER STATE FUNDS</b>			
<u>Cost – MCHCP Step Therapy Programs</u>	<u>\$0 to (\$698,349)</u>	<u>\$0 to (\$1,578,122)</u>	<u>\$0 to (\$1,578,122)</u>
<b>ESTIMATED NET EFFECT TO OTHER STATE FUNDS</b>	<b><u>\$0 to (\$698,349)</u></b>	<b><u>\$0 to (\$1,578,122)</u></b>	<b><u>\$0 to (\$1,578,122)</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT – Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

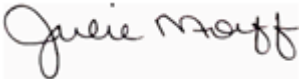
This act specifies additional circumstances under which a patient shall be granted an exception to a step therapy protocol required by a health carrier for coverage of a prescription drug. Under the act, a step therapy override exception determination shall be granted if:

- A delay in treatment would lead to severe or irreversible consequences, and the treatment otherwise required under the step therapy protocol is reasonably expected to be ineffective based upon patient and treatment characteristics;
- Any treatments otherwise required under the step therapy protocol are contraindicated for the patient or have caused or are likely to cause an adverse reaction or other physical harm to the patient;
- Any treatment otherwise required under the step therapy protocol has prevented, will prevent, or is likely to prevent a patient from achieving or maintaining reasonable and safe functional ability in performing occupational responsibilities or activities of daily living, as defined by federal law; or
- The patient is stable for his or her disease or condition on the prescription drug or drugs selected by the prescribing health care provider and has previously received approval for coverage of the relevant drug or drugs under his or her current or previous health coverage.

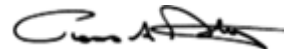
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Commerce and Insurance  
Department of Health and Senior Services  
Department of Public Safety  
    Missouri Highway Patrol  
Department of Social Services  
Missouri Department of Conservation  
Missouri Department of Transportation  
Missouri Consolidated Health Care Plan  
Kansas City  
City of Springfield



Julie Morff  
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March 4, 2022



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