

# FISCAL NOTE

**Bill #:** SB0288

**Title:** Distribution of unused drugs to low income individuals

**Primary**

**Sponsor:** Chris Christiaens

**Status:** As Introduced

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Sponsor signature

\_\_\_\_\_  
Date

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Chuck Swysgood, Budget Director

\_\_\_\_\_  
Date

## Fiscal Summary

	<b><u>FY2002</u></b> <b><u>Difference</u></b>	<b><u>FY2003</u></b> <b><u>Difference</u></b>
<b>Expenditures:</b>		
State Special Revenue	\$4,786	\$250
<b>Revenue:</b>		
State Special Revenue	\$4,786	\$250
<b>Net Impact on General Fund Balance:</b>	<b>\$0</b>	<b>\$0</b>

<b><u>Yes</u></b>	<b><u>No</u></b>		<b><u>Yes</u></b>	<b><u>No</u></b>	
	X	Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget	X		Significant Long-Term Impacts
	X	Dedicated Revenue Form Attached	X		Family Impact Form Attached

## Fiscal Analysis

### ASSUMPTIONS:

#### **Department of Commerce:**

1. SB 288 requires the Board of Pharmacy to create a program for the donation of prescription drugs by long-term care facilities to pharmacies offering drugs to certain low-income persons.

2. It is estimated that 14 pharmacies in the State of Montana would participate in the donation of prescription drugs program.
3. Operating expenses include one additional Board of Pharmacy meeting in FY 2002 to draft and propose rules to implement the new law. The Board is comprised of five members who receive \$50/day in per diem and travel expenses. Expenses for one board meeting are \$500 per diem and \$1,700 for travel.
4. Other operating costs in FY 2002 include ARM filing fees (6 pages @\$35 = \$210), court reporter for administrative rule hearing (\$100), programming of ORACLE database for registry and the annual renewal registry (\$500), printing of rule notices and public information pamphlets (\$500), postage and mailing (\$1,225), and indirect costs (\$51). FY 2003 operating cost of \$250 is for continued printing of public information pamphlets regarding the program.
5. The board will charge a fee under the authority for 37-1-134, MCA, for pharmacies applying for the endorsement. In FY 2002, the board would use existing state special revenue cash to implement the program. Renewal fees would be used in FY 2003 to cover the cost of educational materials. It is anticipated that the fee for original application would be \$25 and the fee for renewal would be \$25. The board sets fees commensurate with program costs.
6. As required by the Food and Drug Administration, the board understands that the only medication that may be donated is that which has been dispensed in the original manufacturer's packaging (e.g. "blister packs" containing unit doses), therefore only a limited subset of unused drugs would be eligible for re-distribution. Many facilities use a system where pharmacists re-package drugs into a cassette with an individual dosage in a cell. None of these re-packaged drugs could be re-distributed. No scheduled drugs (controlled substances such as morphine) may be re-dispensed.

**Department of Public Health and Human Services**

7. DPHHS and the Board of Pharmacy would create the program for donation of unused prescription drugs.
8. The department does not estimate that there will be any fiscal impact (savings) to DPHHS as a result of this program. Conceptually, the bill would avert some pharmaceutical costs to the state through donation of drugs, which could be given to individuals in lieu of purchasing the drugs on their behalf through state and federal programs such as Medicaid or the Mental Health Services Plan. However, there is no way to credit any savings back to the Medicaid pharmaceutical program, or to ensure that drugs are only distributed to certain low-income individuals and what those savings might be.
9. Without actually returning the drugs to a pharmacy for a refund of costs to the Medicaid program, there is no way to ensure that Medicaid does not pay twice for the same drug.
10. There is a question regarding the legal ownership of the drugs subject to donation. Once drugs are purchased with Medicaid funds, they become either the property of the individual, the individual's estate, or of Medicaid, and therefore the facility may not have the authority to donate the drugs. Individuals or their families would need to make the donation.

**FISCAL IMPACT:**

**Department of Commerce**

	<u>FY2002</u> <u>Difference</u>	<u>FY2003</u> <u>Difference</u>
<u>Expenditures:</u>		
Personal Services	\$500	\$0
Operating Expenses	<u>4,286</u>	<u>250</u>
TOTAL	\$4,786	\$250

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Funding:

State Special Revenue (02)	\$4,786	\$250
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Revenues:

State Special Revenue (02)	\$4,786	\$250
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Net Impact to Fund Balance (Revenue minus Expenditure):

State Special Revenue (02)	\$0	\$0
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TECHNICAL NOTES:

1. The bill does not specifically identify how pharmacist's determine "medically needy individuals" at the time a prescription is presented for filling.