



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2023 Biennium

**Bill #** SB0395

**Title:** Montana Pharmacy Benefit Manager Oversight Act

**Primary Sponsor:** Hertz, Greg

**Status:** As Introduced

- Significant Local Gov Impact     
  Needs to be included in HB 2     
  Technical Concerns  
 Included in the Executive Budget     
  Significant Long-Term Impacts     
  Dedicated Revenue Form Attached

### FISCAL SUMMARY

	<u>FY 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$12,000	\$9,000	\$7,500	\$7,500
<b>Net Impact-General Fund Balance:</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**Description of fiscal impact:** This bill creates the Montana Pharmacy Benefit Manager (PBM) oversight act, establishing the standards and criteria for the licensure and regulation of PBMs that provide claims processing services or other prescription drug or device services for health benefit plans in order to promote, preserve, and protect public health, safety, and welfare.

### FISCAL ANALYSIS

#### Assumptions:

##### State Auditor's Office

1. This bill requires a license fee of \$1,000 for each application and \$500 for each annual renewal.
2. The State Auditor's Office (SAO) estimates there will be 12 applications in fiscal year 2022 and an additional three applications in fiscal year 2023 for a total of 15 applications over the biennium.
3. The SAO estimates revenue of \$12,000 in fiscal year 2022 (12 applications at \$1,000 each); revenue of \$9,000 in fiscal year 2023 (12 renewals of \$500 each and 3 applications at \$1,000 each); and revenue of \$7,500 in each of fiscal years 2024 and 2025 (15 renewals at \$500 each).
4. Any additional expenditures are expected to be minimal and will be absorbed by the agency using current state special revenue spending authority.

**Department of Administration**

5. This bill has no fiscal impact to the Department of Administration. The sections within the bill are amending Title 33. As outlined in 2-18-812(7), MCA, except as otherwise provided in Title 33, chapter 18, part 9, the provisions of Title 33 do not apply to the State Employee Group Benefit Plan.

	<u>FY 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>
<b><u>Fiscal Impact:</u></b>				
FTE	0.00	0.00	0.00	0.00
<b><u>Expenditures:</u></b>				
Personal Services	\$0	\$0	\$0	\$0
Operating Expenses	\$0	\$0	\$0	\$0
<b>TOTAL Expenditures</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
<b>TOTAL Funding of Exp.</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$12,000	\$9,000	\$7,500	\$7,500
<b>TOTAL Revenues</b>	<b>\$12,000</b>	<b>\$9,000</b>	<b>\$7,500</b>	<b>\$7,500</b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$12,000	\$9,000	\$7,500	\$7,500

**Technical Notes:**

**Montana State Fund**

1. New section 2 of SB 395 defines Montana State Fund as a “health carrier.” A health carrier is a disability line of insurance, governed by Title 33 chapter 22. Workers’ compensation insurance is excluded from the requirements of Title 33, chapter 22. Montana State Fund is a workers’ compensation insurance carrier which is defined as a “casualty” line of insurance under Title 33, chapter 23. Significant conflicts in the laws governing insurance regulation are created by defining Montana State Fund as a “health carrier” leading to a host of unintended consequences.

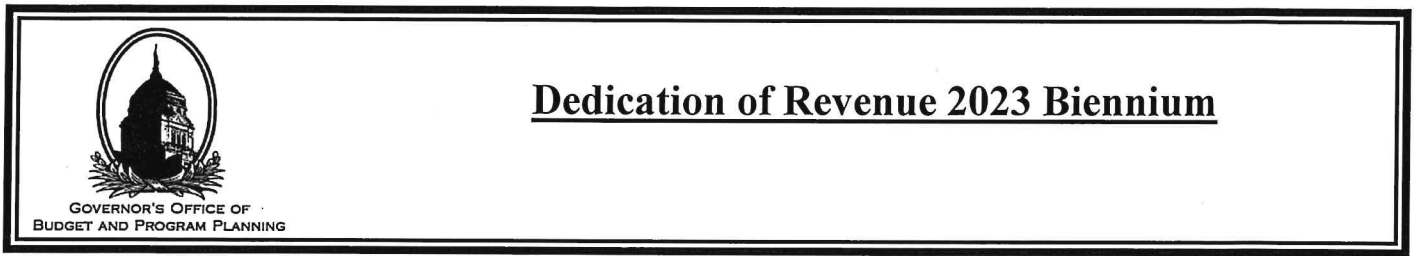
NO SPONSOR SIGNATURE

Sponsor's Initials

4/1  
Date

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Budget Director's Initials

3-31-21  
Date

**17-1-507, MCA.**

- a) **Are there persons or entities that benefit from this dedicated revenue that do not pay? (please explain)**

No. This fee would be deposited to the Insurance Fee state special revenue account and used to fund the Insurance program.

- b) **What special information or other advantages exist as a result of using a state special revenue fund that could not be obtained if the revenue were allocated to the general fund? The revenue is properly accounted for in the Insurance Fee account, similar to other insurance related fees that are used to fund the Insurance program.**

- c) **Is the source of revenue relevant to current use of the funds and adequate to fund the program activity that is intended? Yes / No (if no, explain) Yes.**

- d) **Does the need for this state special revenue provision still exist?  Yes  No (Explain) This function is current and ongoing.**

- e) **Does the dedicated revenue affect the legislature's ability to scrutinize budgets, control expenditures, or establish priorities for state spending? (Please Explain)**

No. The appropriations and expenditures in the Insurance Fee account are currently reviewed by the legislature.

- f) **Does the dedicated revenue fulfill a continuing, legislatively recognized need? (Please Explain) Yes**

- g) **How does the dedicated revenue provision result in accounting/auditing efficiencies or inefficiencies in your agency? (Please Explain. Also, if the program/activity were general funded, could you adequately account for the program/activity?) The dedicated revenue provision will result in proper accounting and auditing efficiencies, similar to other Insurance Fee account revenues.**