OFFICE OF FISCAL ANALYSIS

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sHB-6870
AN ACT ADDRESSING PATIENTS' PRESCRIPTION DRUG COSTS.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 26 $	FY 27 $
Consumer Protection, Dept.	GF - Cost	100,000	None
Consumer Protection, Dept.	GF - Potential Cost	None	84,010
State Comptroller - Fringe Benefits[1]	GF - Potential Cost	None	31,147
Department of Revenue Services	GF - Cost	32,990	131,958
State Comptroller - Fringe Benefits[2]	GF - Cost	13,430	53,720
Department of Revenue Services	GF - Revenue Gain	Potential	Potential

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill makes various changes regarding prescription drug costs resulting in the costs and revenue gain described below.

Sections 1-10 create a Canadian Prescription Drug Importation Program (CPDIP) resulting in costs to the Department of Consumer Protection (DCP) and the Office of the State Comptroller (OSC). The bill

[1]The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 40.71% of payroll in FY 26.

[2]The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 40.71% of payroll in FY 26.

requires DCP to hire a consultant to study the feasibility of establishing a CPDIP resulting in a cost of $100,000 in FY 26.

If the consultant reports that it's feasible to establish the CPDIP and the program is approved by the federal Food and Drug Administration there is a cost to DCP and OSC. To run the program, DCP will need to hire two drug control agents and one staff attorney beginning in the last three months of FY 27, for a partial year salary and other expenses costs of $84,010 along with associated fringe benefit costs of $31,147 in FY 27.

Sections 11-14 establish a prescription drug cost containment initiative to be administered by the Department of Revenue Services (DRS). This results in a General Fund cost of $46,420 in FY 26 (partial year) and $185,678 in FY 27. The cost is associated with two Revenue Examiner positions within DRS to administer the program ($65,979 and $26,860 each for salary and fringe benefit costs, respectively).

Section 12 imposes a civil penalty for violation of the price cap provision which results in a potential General Fund revenue gain beginning in FY 26, the magnitude of which is dependent on the violator's price differential in excess of the price cap. The bill specifies any penalties be expended for the purposes of promoting access to affordable health care, and reducing patients' health care costs, in the state.

Section 15 requires health carriers to credit enrollees for certain prescription drug costs resulting in no fiscal impact to the state.

The Out Years

The full-year potential costs to run the CPDIP (see sections 1-10 above) will begin in FY 28. To run the program there is a potential annual cost to DCP of $313,538 for salaries and other expenses, along with an associated fringe benefit potential cost of $124,588.

The annualized ongoing fiscal impact identified above would continue into the future subject to if the CPDIP is implemented, the number of violations, and inflation.