OFFICE OF FISCAL ANALYSIS
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sHB-7192
AN ACT IMPLEMENTING RECOMMENDATIONS OF THE BIPARTISAN DRUG TASK FORCE.

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
Treasurer, Debt Serv.	GF - Potential Cost	See Below	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill establishes a Canadian prescription drug importation program (CPDIP) and makes various prescription drug and health care related changes resulting in the costs described below.

Sections 1 - 4 make numerous changes that result in no fiscal impact to the Insurance Department. The bill makes several changes regarding pharmacy benefits managers (PBMs) and rebate practices of health carriers, and health carrier reporting on these topics. No fiscal impact is expected, as the department does not anticipate a meaningful increase

[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.

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in workload and compliance by PBMs and health carriers is expected.

Section 2 creates a new unfair trade practice violation resulting in no fiscal impact to the state. The Department of Consumer Protection (DCP) investigates unfair trade practice violations and has the resources and expertise to meet the requirements of the bill.

Sections 5-14 create the CPDIP resulting in costs to DCP and the Office of the State Comptroller (OSC). The bill 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.

Section 15 establishes a task force to study emergency preparedness and mitigation strategies for prescription drug shortages resulting in no fiscal impact to the state because the task force has the expertise to meet the requirements of the bill.

Section 16 expands the Strategic Supply Chain Initiative program, which is funded by General Obligation (GO) bond funds, to include efforts to prevent or mitigate prescription drug shortages.

Future General Fund debt service costs may be incurred sooner under the bill to the degree that it causes authorized GO bond funds to be expended more rapidly than they otherwise would have been.

As of March 1, 2025, there is $25 million in previously allocated bond funds from Manufacturing Assistance Act program that have been set aside by the Department of Economic and Community Development to fund the Strategic Supply Chain Initiative program.

The bill does not change GO bond authorizations relevant to the program.

The Out Years

The full-year potential costs to run the CPDIP (see sections 5-14 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 terms of any bonds issued, and inflation.