

OFFICE OF FISCAL ANALYSIS

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sHB-7192

AN ACT IMPLEMENTING RECOMMENDATIONS OF THE BIPARTISAN DRUG TASK FORCE.

As Amended by House "A" (LCO 10634)

House Calendar No.: 275

Senate Calendar No.: 623

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
Various State Agencies	GF - Potential Savings	See Below	See Below
Resources of the General Fund	GF - Potential Revenue Gain	None	See Below

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.

Section 6 allows the Commissioner of Economic and Community Development to utilize bond proceeds from the Manufacturing Assistance Act (MAA) program to support prescription drug

¹The 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.

production capacity in the state. There is no fiscal impact as the bill does not provide additional funding to the MAA program for this purpose.

Sections 9-18 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 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.

These sections also create a civil penalty of up to \$5,000 for certain CPDIP violations resulting in a potential revenue gain to the state to the extent violations occur.

Sections 19-20 result in potential savings annually beginning in FY 26 to the Judicial Department, and the Departments of Mental Health and Addiction Services, Children and Families, Developmental Services and Public Health (which the bill terms "drug purchasing agencies"). Section 19 requires the Department of Administrative Services (DAS) to negotiate bulk prescription drug purchases on behalf of such agencies. Section 20 additionally allows such agencies to join interstate prescription drug purchasing compacts. To the extent that bulk prescription drug purchasing results in lower prescription drug costs to drug purchasing agencies, there is a savings that will vary based on the amount of drugs purchased, and the change in per unit costs.

Section 22 requires DSS to petition the federal Department of Health and Human Services to authorize generic, lower cost forms of GLP-1 prescription drugs to treat obesity or diabetes. If approved, the bill requires DSS to contract for such generic GLP-1 drugs to support HUSKY Health members. DSS will experience a savings to the extent a

generic form of drugs otherwise utilized for those purposes are approved.

The bill also makes various changes regarding prescription drugs that result in no fiscal impact to the state.

House "A" strikes the underlying bill and its associated fiscal impact resulting in the impact described above.

The Out Years

The full-year potential costs to run the CPDIP (see sections 9-18 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, if bulk drug purchases result in savings, if lower cost forms of GLP-1 prescription drugs are authorized, and inflation.

The preceding Fiscal Impact statement is prepared for the benefit of the members of the General Assembly, solely for the purposes of information, summarization and explanation and does not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.