

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 336** HLS 18RS 959

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 27, 2018	2:34 PM	Author: COX
Dept./Agy.: LDH/Medicaid		Analyst: Shawn Hotstream
Subject: Single Preferred Drug List		

MEDICAID EG INCREASE GF EX See Note
Provides for a single preferred drug list in Medicaid managed care

Proposed law provides that the Louisiana Department of Health (LDH) shall establish a single preferred drug list that may utilize a prior approval process or any other process or combination of processes that prove to be cost effective in the medical assistance program. This single preferred drug list shall be developed by the department and utilized in the medical assistance program, including all capitated Medicaid managed care programs.

EXPENDITURES	2018-19	2019-20	2020-21	2021-22	2022-23	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total						

REVENUES	2018-19	2019-20	2020-21	2021-22	2022-23	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total						

EXPENDITURE EXPLANATION

The net impact of implementing a single Preferred Drug List (PDL) is indeterminable. Establishment of a single PDL is anticipated to increase rebate revenues to the state as the state would negotiate rebates with the drug manufacturer instead of the individual health plans. However, as a result of the health plans no longer being able to negotiate discounts in drug pricing on their own PDL's, health plan costs are likely to increase. To the extent there are increased costs to the plans under this measure, per member per month capitation rates are anticipated to increase. Capitation rate payments consist of both state and federal match. Information provided by LDH indicates a study has been contracted with Milliman to determine the feasibility of implementing a single PDL that is budget neutral.

REVENUE EXPLANATION

Rebate revenues are anticipated to be collected by the state by an indeterminable amount.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Evan Brasseaux

Evan Brasseaux
Staff Director