

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 526** HLS 19RS 713

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 23, 2019	6:49 PM	Author: HOFFMANN
Dept./Agy.: LA Dept. of Health		Analyst: Zachary Rau
Subject: Opioid Use Disorder Treatments for Medicaid		

HEALTH/BEHAVIORAL OR DECREASE SG RV See Note Page 1 of 1
Prohibits the imposition of prior authorization requirements in Medicaid managed care for certain prescription medications used in treating opioid use disorder

Proposed law prohibits prior authorization requirements for opioid use disorder by Medicaid and Medicaid managed care organizations for United States Food and Drug Administration-approved (FDA) treatments for opioid use disorder. Proposed law prohibits step therapy requirements prior to authorization of coverage by Medicaid and Medicaid managed care organizations for an FDA approved medication for treatment of opioid use disorder. Proposed law requires the listing of all formulations of buprenorphine and naloxone on the LA Medicaid fee-for-service drug list and the Healthy Louisiana Common Preferred Drug List. Proposed law prohibits excluding coverage of prescriptions by Medicaid and Medicaid managed care organizations that are based upon court order.

EXPENDITURES	2019-20	2020-21	2021-22	2022-23	2023-24	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total						

REVENUES	2019-20	2020-21	2021-22	2022-23	2023-24	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
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

Proposed law will reduce net rebates associated with prescription of drugs on the Preferred Drug List by an estimated \$1.59 M - \$2.69 M for the LA Dept. of Health (see Revenue Explanation). To the extent these reduced rebates affect expenditures for the department, LDH may require an appropriation from another source or absorb these expenditures.

REVENUE EXPLANATION

LDH anticipates that proposed law would result in loss of \$2.90 M - \$3.02 M in SGR collections annually derived from state supplemental rebates associated with opiate dependence treatments currently on the PDL as a result of lost or reduced market share. For reference, LDH typically receives rebates from suppliers of drugs on the PDL as a result of their drugs' preferred status. The department reports that the scope of the state rebate loss is dependent upon decreased utilization of currently-preferred drugs and increased utilization of non-PDL drugs that would be placed on the PDL as a result of proposed law. Losses of state supplemental rebates would be partially offset by federal rebates resulting from an anticipated utilization shift from generic drugs to name-brand drugs. The table below illustrates the anticipated utilization shift from generic to name-brand drugs, anticipated to range from 10% to 50%, and the net associated rebate loss. LDH classifies these rebates as expenditure offsets.

	Utilization Shift	State Supplemental Rebates Decrease	Federal Rebate Increase	Net Loss
Minimum	10%	(\$3,023,512)	\$1,403,244	(\$1,593,268)
Maximum	50%	(\$2,903,845)	\$214,942	(\$2,688,903)

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}

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