

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 321** HLS 20RS 60

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> May 4, 2020	4:48 PM	<b>Author:</b> ECHOLS
<b>Dept./Agy.:</b> LDH/Medicaid		<b>Analyst:</b> Shawn Hotstream
<b>Subject:</b> Pharmacy		

MEDICAID MANAGED CARE OR SEE FISC NOTE SG RV Page 1 of 1  
Establishes a minimum generic dispensing rate requirement in Medicaid managed care

Proposed law requires the Louisiana Department of Health to ensure that the generic dispensing rate within the pharmacy program of each managed care organization is at least 90% in any calendar year.

<b>EXPENDITURES</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>						
<b>REVENUES</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

The Louisiana Department of Health anticipates meeting the 90% generic dispensing rate threshold proposed in this measure on an annual basis based on the drugs currently covered by Medicaid. The assumption is based on a calculation provided by the state's supplemental rebate vendor (Magellan Rx) of generic drugs dispensed as a percentage to total drugs dispensed for the first quarter of calendar year 2018, which indicates a 91% generic dispensing rate. However, the calculation only reflects that the 90% threshold is met for one quarter of the year, and does not contemplate additional brand or generic drugs that may be utilized in the Louisiana pharmacy program in the future. In addition, the department considers drug rebates received from the drug manufacturer when recommending the use of certain brand drugs over generics. As a result, it is unknown how this measure will impact rebate revenues received by the department in future fiscal years. Rebates offset the costs of the pharmacy program.

**REVENUE EXPLANATION**

The department considers drug rebates received from the drug manufacturer when recommending the use of certain brand drugs over generics. As a result, it is unknown how this measure will impact rebate revenues received by the department in future years to the extent the department must meet the 90% generic threshold requirement.

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*  


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**Evan Brasseaux**  
**Staff Director**