

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *</b>				
	<b>FY 2010-11</b>		<b>FY 2011-12</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See below		See below	

\*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

This bill makes changes to the Medicaid Prescription Drug Act. Under this bill, the responsibilities of pharmaceutical and therapeutics committee, established for the purposes advising on the preferred drug list, are specifically delineated. The committee will advise the department on limitations to be imposed on any drug, drug formulation or drug use based solely on sound clinical evidence and peer review of clinical literature. The determination of the net economic benefit is assigned to the department. The committee will also review any drug marketed for six months or less and is subject to review for inclusion on the preferred drug list at the committee's next regularly scheduled meeting.

The language of the bill states a timeframe for review of newly marketed drugs for inclusion on the preferred drug list. This bill may accelerate the collection of information gathered on newly marketed drugs, but it will likely be information that would be collected and analyzed at some point. As the determination of the economic benefit rests with the department, the department may need additional resources to make this determination. The cost would be variable and is unknown.

The department states on their fiscal note, that the timeframe required by the bill for review of newly marketed drugs would result in the some drugs being covered under Medicaid prior to the time when supplemental rebates are available through the purchasing pool and from manufacturers. However, existing statute in Section 68-954 requires that the department places a drug on the preferred drug list only if it is therapeutically equivalent or superior to a drug on the list and cost is equal to or less than the net cost of the listed drug after rebates and negotiated discounts are taken into consideration. As this is a condition for inclusion on the list, any drug that would result in more costs would not be put on the list.