

PREPARED BY: Liz Hruska
 DATE PREPARED: February 25, 2020
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LB 1182

Revision: 00

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2020-21		FY 2021-22	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$86,583		\$108,944	
CASH FUNDS				
FEDERAL FUNDS	\$86,583		\$108,944	
OTHER FUNDS				
TOTAL FUNDS	\$173,166		\$217,888	

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

This bill requires the sponsor of biologics license applications to notify the Department of Health and Human Services on a form prescribed by the department that an application has been filed with the federal Food and Drug Administration. Beginning on January 1, 2021, the department is authorized to conduct a study of pipeline drugs that may have significant impact on expenditures in the Medicaid Program. On or before March 1, 2021, the department is required to prepare a list of not more than ten outpatient prescription drugs that are a substantial cost to the state or are critical to public health. The department may impose a penalty of not more than \$7,500 on a manufacturer or sponsor for violation of these provisions. The penalty would be deposited into the Health Care Cash Fund.

The department estimates three additional staff positions would be required. The positions are a pharmacist, program specialist and an accountant. The cost would be \$173,166 (\$86,583 GF and FF) in FY 2021 and \$217,888 (\$108,944 GF and FF) in FY 2022.

It is unknown how much if any penalties would be deposited in to the Health Care Cash Fund.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 1182 AM:	AGENCY/POLT. SUB:) Department of Health and Human Services (DHHS)	
REVIEWED BY: Elton Larson	DATE: 2/20/2020	PHONE: (402) 471-4173
COMMENTS: No basis to disagree with DHHS analysis and estimate of fiscal impact.		

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

State Agency or Political Subdivision Name:(2) Department of Health and Human Services

Prepared by: (3) Mike Michalski

Date Prepared 1-27-2020

Phone: (5) 471-6719

	<u>FY 2020-2021</u>		<u>FY 2021-2022</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$97,995		\$130,660	
CASH FUNDS				
FEDERAL FUNDS	\$97,994		\$130,660	
OTHER FUNDS				
TOTAL FUNDS	\$195,989	\$0	\$261,320	\$0

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

Section 2 of this bill mandates that on or before March 1, 2021 and annually thereafter, the Director of Medicaid and Long-Term Care and the Director of Public Health of the Department of Health and Human Services shall prepare a list of not more than ten outpatient prescription drugs that the Director of Medicaid and Long-Term Care determines are provided at a substantial net cost to the state or critical to the public health.

This bill requires drug manufacturers to submit notice to the Department of Health and Human Services when they have filed a new application for drugs with the Federal Food and Drug Administration.

The bill also requires the Department of Health and Human Services to create a standardized form for information and data to be collected from drug manufacturers with the aim to reduce administrative burden on the Department of Health and Human Services and drug manufacturers.

The bill says the Department of Health and Human Services may promulgate regulations to carry out the purposes of the new section of statute. The absorbed cost to promulgate a new regulation is shown in the table below.

Title	Hours	Hourly Cost	Absorbed Cost
Director	4	74.28	\$ 297
Deputy Director	4	53.48	\$ 214
Administrator I	4	30.82	\$ 123
Program Specialist	8	22.52	\$ 180
Program Analyst	16	21.91	\$ 351
Attorney III	30	33.82	\$ 1,015
Total Costs	66		\$ 2,180

It is estimated that three new staff positions would be needed to comply with the requirements of this bill. The costs are shown below.

The department may, after notice and a hearing, impose a penalty of not more than seven thousand five hundred dollars on a manufacturer or sponsor for each violation and shall remit any amounts paid to the State Treasurer for credit to the Nebraska Health Care Cash Fund. The total impact to the Health Care Cash Fund is unknown.

PERSONAL SERVICES:

POSITION TITLE	NUMBER OF POSITIONS		2020-2021	2021-2022
	20-21	21-22	EXPENDITURES	EXPENDITURES
H74730 Pharmacist	1	1	\$46,334	\$61,778
DHHS Program Specialist	1	1	\$35,655	\$47,540
Accountant 1	1	1	\$27,585	\$36,781

Benefits.....			\$42,591	\$56,789
Operating.....			\$43,824	\$58,432
Travel.....				
Capital Outlay.....				
Aid.....				
Capital Improvements.....				
TOTAL.....			\$195,989	\$261,320
