

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2007-08		FY 2008-09	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	1,000,000			
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	1,000,000		See below	

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

This bill establishes the Nebraska Rx Card Program. This program would establish a state pharmaceutical assistance program to provide price discounts to individuals qualifying for Medicare or a family with a net income less than 300% of poverty. Manufacturers or labelers may voluntarily negotiate supplemental rebates for the Medicaid Program greater than those required by federal law, discount prices or rebates for Healthy Nebraska Rx Card Program and other state programs that pay for prescription drugs. The Department is required to establish a preferred drug list. At the discretion of the chief administrative officer of Health and Human Services System, a manufacturer or labeler's drugs may be taken off the Medicaid Program and/or other state-operated prescription drug programs under conditions specified in the bill. Price discounts for the participants in the Healthy Nebraska Rx Card Program will be calculated quarterly and shall be approximately equal to the negotiated drug rebate minus the amount to cover the administrative costs. Wholesalers or participating retail pharmacies would be paid in advance for Healthy Rx Card Program discounts or on a weekly basis. The chief administrative officer shall administer the program to benefit the largest number of Nebraska residents. The Healthy Rx Program would begin January 1, 2008. The department is also required to seek a Medicaid waiver modeled after the Healthy Maine Prescription Program. The bill directs the legislature to appropriate \$1 million in general funds in FY 08 to carry out the provisions of the Healthy Rx Card Program Act.

This bill directs that \$1 million from general funds be appropriated in FY 08 for this program. There maybe costs beyond the \$1 million one-time appropriation beyond the first year. A study is needed to better determine the costs and the source of funds to cover those costs. It is unknown if the negotiated price discounts that would be used to cover administrative costs and the costs of the program would be adequate. The extent of the drug rebates/discounts that could be negotiated is unknown. The amount of the discounts that could be provided to participants would likely determine the number of people who would sign up for this program. The chief administrative officer has the power to remove a manufacturer's drugs from the Medicaid Program and other state-offered program. It is unknown what impact this provision would have on the amount of rebates or discounts a manufacturer would be willing to provide above those currently provided under the federally-mandated rebates in the Medicaid Program.

The Department of Health and Human Services Finance and Support has a contract to study the cost/benefit of a preferred drug list and joining a purchasing pool. A contract has been awarded for this study. It will be completed by the end of the year. The fiscal impact will be clearer once the study information is available.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Elton Larson	DATE 2/1/07	PHONE 471-2526
COMMENTS			
DEPARTMENT OF HEALTH AND HUMAN SERVICES: No basis to disagree with agency estimates.			
DEPARTMENT OF HEALTH AND HUMAN SERVICES FINANCE & SUPPORT: No basis to disagree with agency estimates.			