

February 13, 2023

The Honorable Brenda Landwehr, Chairperson
House Committee on Health and Human Services
300 SW 10th Avenue, Room 112-N
Topeka, Kansas 66612

Dear Representative Landwehr:

SUBJECT: Fiscal Note for HB 2259 by House Committee on Health and Human Services

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2259 is respectfully submitted to your committee.

HB 2259 would abolish the Mental Health Medication Advisory Committee and remove all related requirements effective July 1, 2023. The bill would also remove the requirement for any proposed policy or rule and regulation related to use of any electronic pharmacy claims management system related to any medication used to treat mental illness to be reviewed and approved by the Medicaid Drug Utilization Review Board. In addition, HB 2259 would prohibit requirements for prior authorization or other restrictions on medications used to treat mental illnesses for Medicaid recipients.

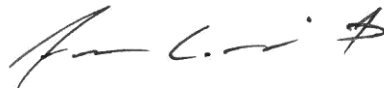
According to the Kansas Department of Health and Environment (KDHE), enactment of HB 2259 would result in additional expenditures of at least \$7.1 million, including \$2.8 million from the State General Fund and \$4.3 million from federal funds, in FY 2024. KDHE notes that the current policy to require the generic product of the brand reference product (when available) was used when determining the estimate as the agency did not interpret the bill to prohibit this policy. If the policy was no longer allowed, the estimate would be significantly higher. KDHE also notes that the estimate does not reflect the elimination of patient safety edits that are also part of prior authorization, as the prescribing behavior of physicians cannot be predicted.

To determine the estimate, KDHE estimated that the impact is best represented by beneficiaries who had a least one denied claim for the specific drug requested and never received that specific requested drug. The average amount paid for each product was used to extrapolate monthly costs and then converted to annual costs. The current Wholesale Acquisition Cost was

used for instances when there were no paid claims or insufficient claims. The estimates considered data over approximately four years. Drugs were included if they had Step Therapy, Preferred Drug List, or a supplemental rebate agreement. For Step Therapy, an appropriate step-through drug was assumed to have been used instead of the requested drug, and the net cost difference was used as the impact. For each non-preferred drug, it was assumed that the patient tried one or two preferred drugs and were adequately treated with a preferred agent. Two preferred agents from the corresponding class were selected and the average cost per claim was used to calculate the net cost difference. There were limitations for several drugs that were either not available or not utilized at all during the four years.

The Kansas Department for Aging and Disability Services, the Kansas State Board of Healing Arts, and the Kansas Board of Pharmacy report the bill would not result in a fiscal effect on the operations of any of the respective agencies. Any fiscal effect associated with HB 2259 is not reflected in *The FY 2024 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Proffitt", with a stylized flourish at the end.

Adam Proffitt
Director of the Budget

cc: Amy Penrod, Department of Health & Environment
Alexandra Blasi, Board of Pharmacy
Susan Gile, Board of Healing Arts
Leigh Keck, Department for Aging & Disability Services