

March 12, 2020

The Honorable Brenda Landwehr, Chairperson  
House Committee on Health and Human Services  
Statehouse, Room 352C-S  
Topeka, Kansas 66612

Dear Representative Landwehr:

**SUBJECT:** Fiscal Note for HB 2658 by Representative Ward

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2658 is respectfully submitted to your committee.

HB 2658 would establish the Affordable Prescription Drug Importation Act, which would create the Affordable Prescription Drug Importation Program administered by the Kansas Department of Health and Environment (KDHE). KDHE would be required to contract with one or more vendors to provide Program services. Each vendor would create a wholesale prescription drug importation list that identifies the prescription drugs that have the highest potential for cost savings to the state. Each vendor would identify Canadian prescription drug suppliers that have agreed to export the prescription drugs on the wholesale prescription drug importation list. KDHE would be required to review each vendor's wholesale prescription drug importation list every three months. Each vendor would be required to assist KDHE with developing a distribution plan within the Program. Each vendor would be required to ensure the safety and quality of drugs imported under the Program and maintain a list of all eligible importers that participate in the Program.

KDHE estimates the bill would require additional expenditures of \$382,429 from all funding sources, including \$88,219 from the State General Fund, \$18,184 from fee funds and \$276,026 from federal funds. The expenditures would be for salary and wage costs for 5.00 new FTE positions to administer the Program.

KDHE indicates the bill could require extensive modifications to its information systems. The agency also estimates the bill could result in a reduction to the amount of revenue received from federal drug rebates, although the reduction could be offset by savings on imported drugs. The fiscal effects from information system upgrades, drug rebate revenue, or imported drug savings are unknown. There would be no fiscal effect on the State Employee Health Plan.

The Kansas Department of Corrections estimates the bill would create savings for inmate healthcare; however, the Department is unable to determine the amount of savings. The Kansas Board of Pharmacy estimates the bill could increase complaints to the agency. Any increase in the number of complaints would require additional staff time for inspections and investigations. The Board is unable to estimate these costs. The Board notes that pharmacies that participate in the Program would still be subject to Board oversight which would include reviewing the source of prescription drugs. Any fiscal effect associated with HB 2658 is not reflected in *The FY 2021 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "L. L. Campbell". The signature is written in a cursive style with a large initial "L".

Larry L. Campbell  
Director of the Budget

cc: Randy Bowman, Corrections  
Dan Thimmesch, Health & Environment  
Alexandra Blasi, Board of Pharmacy