OFFICE OF FISCAL ANALYSIS
Legislative Office Building, Room 5200
Hartford, CT 06106 ◇ (860) 240-0200
http://www.cga.ct.gov/ofa

sSB-8
AN ACT CONCERNING DRUG AFFORDABILITY.
AMENDMENT

LCO No.: 5835
File Copy No.: 309
Senate Calendar No.: 197

OFA Fiscal Note

See Fiscal Note Details

The amendment strikes the underlying bill and its associated fiscal impact resulting in the following impact.

Section 2 requires the Department of Consumer Protection (DCP) to hire a consultant to study the feasibility of establishing a Canadian prescription drug importation program resulting in a cost of approximately $125,000 in FY 27.

Sections 3-11 create the regulatory requirements for the Canadian drug importation program resulting in a potential cost to DCP. If DCP chooses to establish the program and the FDA accepts the application submitted by DCP, DCP will need to hire two additional employees for annual salary and other expense costs of $203,000 and associated fringe benefit costs of $82,000 to oversee and regulate the Canadian drug importation program. The two employees will need to be hired in either FY 27 or FY 28 depending on when the application is approved.

These sections also may result in a savings to DSS associated with the Canadian prescription drug importation program to reduce prescription drug costs for Medicaid and HUSKY B. To the extent the program is implemented, and this is achieved, and such drugs are utilized in place of more costly drugs after accounting for rebates, DSS would experience a corresponding savings. The extent of any savings to

Medicaid and HUSKY B cannot be determined at this time.

If implemented, DSS would incur administrative costs of at least $150,000 annually associated with pharmacy consultant staff. Additional staff and/or contract support may be required depending on the scope of the program.

Sections 12-15 establish a Prescription Drug Affordability Board (PDAB) within the Office of Health Strategy (OHS) and detail its administrative responsibilities and capabilities. OHS will incur costs of $527,000 in salary and fringe benefits beginning in FY 25 to hire three new staff to directly support PDAB in its activities: a planning specialist, a lead planning analyst, and a planning analyst.

Sections 16-17 establish an upper payment limit for state entities, health benefit plans, and participating ERISA plans to purchase drugs. The savings attributed with the limit will be used to reduce out-of-pocket costs to consumers, resulting in no fiscal impact to the state or municipalities. The plans will also submit a report to the PDAB and OHS describing the savings which will not result in a fiscal impact.

Section 16 requires DCP to issue penalties of up to $50,000 for drug upper payment limit violations resulting in a potential revenue gain to the state to the extent violations occur.

Section 18 requires DCP to assess a civil penalty of up to $500,000 for certain violations determined by the Prescription Drug Affordability Board resulting in a potential revenue gain to the state to the extent violations occur.

Sections 19-21 result in a potential cost beginning in FY 25 to fully insured municipalities that currently impose cost sharing on insulin products to the extent cost sharing is imposed. Additional costs to municipalities can be incurred if they do not offer insulin products at the lowest wholesale acquisition cost. There is no fiscal impact to the state to impose these provisions as insulin products are currently covered under the state employee health plan with no cost sharing.

Sections 23 and 24 regarding 340B entities result in an annual significant positive financial impact to the University of Connecticut Health Center beginning in FY 25. The health center has multiple 340B covered entities, including John Dempsey Hospital, and has not been fully benefiting from the provisions of the 340B program due to manufacturer and pharmacy benefits manager (PBM) practices. The health center estimates that the foregone savings and revenue gain due to these practices has reached approximately $9 million annually and will continue to increase. It is anticipated that the amendment will reduce or eliminate the practices it prohibits, and consequently result in greater 340B savings and revenue gain to UConn Health Center.

Section 24 requires DCP to issue cease and desist orders and civil penalties for certain violations regarding 340B drugs resulting in a potential annual salary cost of $194,000 and associated fringe benefit cost of $80,000 beginning in FY 25. DCP does not have expertise in this area and may have to hire up to two additional employees depending on the number of complaints and investigations.

This section also allows DCP to issue civil penalties of up to $50,000 for certain 340B drug violations resulting in a potential revenue gain to the state to the extent violations occur.

The preceding Fiscal Impact statement is prepared for the benefit of the members of the General Assembly, solely for the purposes of information, summarization and explanation and does not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.