

**COMMONWEALTH OF KENTUCKY STATE FISCAL NOTE STATEMENT  
LEGISLATIVE RESEARCH COMMISSION  
2018 REGULAR SESSION**

**MEASURE**

2018 BR NUMBER **0131**

**SENATE** BILL NUMBER **6**

RESOLUTION NUMBER \_\_\_\_\_

AMENDMENT NUMBER \_\_\_\_\_

**SUBJECT/TITLE** **An ACT relating to the safe disposal of controlled substances.**

**SPONSOR** **Senator Kerr**

**NOTE SUMMARY**

FISCAL ANALYSIS:  IMPACT     NO IMPACT     INDETERMINABLE IMPACT

LEVEL(S) OF IMPACT:  STATE     LOCAL     FEDERAL

BUDGET UNIT(S) IMPACT: **Cabinet for Health and Family Services**

FUND(S) IMPACT:  GENERAL     ROAD     FEDERAL     RESTRICTED AGENCY \_\_\_\_\_     OTHER

**FISCAL SUMMARY**

<b>FISCAL ESTIMATES</b>	<b>2017-2018</b>	<b>2018-2019</b>	<b>2019-2020</b>	<b>ANNUAL IMPACT AT FULL IMPLEMENTATION</b>
<b>REVENUES</b>				
<b>EXPENDITURES</b>		4,460,900	4,460,900	4,460,900
<b>NET EFFECT</b>		(4,460,900)	(4,460,900)	(4,460,900)

( ) indicates a decrease/negative

**MEASURE’S PURPOSE:** The purpose of this measure is to include nontoxic composition with the distribution of a controlled substance. Nontoxic composition is used for the deactivation and safe disposal of unused, unwanted, or expired controlled substances.

**PROVISIONS/MECHANICS:** SB 6 adds language to amend KRS 218A.170, requiring pharmacists and practitioners to sell or distribute a nontoxic composition anytime a controlled substance is distributed.

**FISCAL EXPLANATION:** According to the Cabinet for Health and Family Services (CHFS), if Medicaid Benefits is deemed responsible for reimbursement of the nontoxic composition, the potential financial impact for SB 6, as written, would increase cost by \$4,460,900. CHFS calculated these costs using an average of controlled substances distributed per year and the rate of \$1.50 for every nontoxic composition packet. At this time, nontoxic composition is not a federally covered service; therefore, the increased costs would only affect the Medicaid Benefits General Fund and Restricted Funds.

There are two circumstances that would decrease the cost of implementing SB 6. If nontoxic composition becomes a required component for each dispensed controlled substance and Medicaid does not add it as a benefit, there is the option for Medicaid to charge the Medicaid recipient pursuant to Federal Regulation 42 CFR 447.15. The other circumstance would be if Medicaid determines nontoxic composition to be added as a covered benefit. It is possible nontoxic composition could be considered a medical supply pursuant to 907 KAR 1:479, Section 1 (15). This would allow the nontoxic composition to be covered by Federal Funds, which would reduce the costs to the General Fund and Restricted Funds. More research and investigation is required to determine if this is a viable possibility.

**DATA SOURCE(S): Cabinet for Health and Family Services**

**PREPARER: Jake Fouts NOTE NUMBER: 49 REVIEW: JAB DATE: 1/24/2018**