

**COMMONWEALTH OF KENTUCKY FISCAL NOTE STATEMENT  
LEGISLATIVE RESEARCH COMMISSION  
2020 REGULAR SESSION**

**MEASURE**

2020 BR NUMBER 1095

SENATE BILL NUMBER 50GA

**TITLE** AN ACT relating to outpatient pharmacy benefits in the Medicaid program and declaring an emergency.

**SPONSOR** Senator Max Wise

**FISCAL SUMMARY**

STATE FISCAL IMPACT:  YES  NO  UNCERTAIN

OTHER FISCAL STATEMENT(S) THAT MAY APPLY:  ACTUARIAL ANALYSIS  
 LOCAL MANDATE  CORRECTIONS IMPACT  HEALTH BENEFIT MANDATE

APPROPRIATION UNIT(S) IMPACTED: Department for Medicaid Services

FUND(S) IMPACTED:  GENERAL  ROAD  FEDERAL  RESTRICTED \_\_\_\_\_

FISCAL ESTIMATES	2019-2020	2020-2021	2021-2022	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES				
EXPENDITURES		Indeterminable	Indeterminable	Indeterminable
NET EFFECT		(Indeterminable)	(Indeterminable)	(Indeterminable)

( ) indicates a decrease/negative

**PURPOSE OF MEASURE:** The purpose of the measure is to require the Department for Medicaid Services (DMS) to directly administer all outpatient pharmacy benefits.

**FISCAL EXPLANATION:** Currently, DMS delivers pharmacy benefits to Medicaid enrollees through the traditional Medicaid fee-for-service (FFS) program and through Medicaid managed care organizations (MCO) under the Medicaid managed care program. DMS notes that the provisions of SB 50 would result in essentially a partial carve out of the Medicaid pharmacy program. While SB 50 requires that all Medicaid pharmacy benefits be delivered through the Medicaid FFS program, the bill also requires that all Medicaid enrollees receiving services under managed care continue to be covered by Medicaid managed care capitation rates. DMS notes that this would result in dual payments as DMS would pay for the same drug under the FFS carve-out and also through the managed care capitation payments made to the MCOs. Due to the nature of the dual payments, the costs of the legislation cannot be determined.

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

**PREPARER:** Miriam Fordham **NOTE NUMBER:** 172 **REVIEW:** JAB **DATE:** 2/26/2020