

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

MEASURE

2020 BR NUMBER 1095

SENATE BILL NUMBER 50 HCS1

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

SPONSOR Representative Danny Bentley

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 contract with a single pharmacy benefit manager (PBM) to administer all outpatient pharmacy benefits under the Medicaid managed care program.

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. Under the provisions of SB 50/HCS 1, DMS would contract with a single PBM to administer all outpatient pharmacy benefits under the Medicaid managed care program. DMS noted that SB 50 as introduced 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. While SB 50/HCS 1 does not appear to result in dual payments, staff did not have access to the data necessary to determine the costs of the legislation.

DATA SOURCE(S): Department for Medicaid Services

PREPARER: Miriam Fordham **NOTE NUMBER:** 222 **REVIEW:** JAB **DATE:** 3/12/2020