

OFFICE OF FISCAL ANALYSIS

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sHB-6669

AN ACT PROTECTING PATIENTS AND PROHIBITING UNNECESSARY HEALTH CARE COSTS.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 24 \$	FY 25 \$
Comptroller	GF - Cost	Indeterminate	Indeterminate
Resources of the General Fund	GF - Potential Revenue Gain	At least 1.2 million	At least 1.2 million
Consumer Protection, Dept.	GF - Cost	761,601	516,266
State Comptroller - Fringe Benefits ¹	GF - Cost	79,903	81,900
Office of Health Strategy	GF - Cost	600,000	None
UConn Health Ctr.	GF - Potential Revenue Loss	7.3 million	7.3 million
UConn Health Ctr.	GF - Savings	At least 7 million	At least 7 million

Note: GF=General Fund

Municipal Impact: None

Explanation

Section 1 results in an undetermined cost to the Office of the State Comptroller (OSC) to participate in ArrayRx for the establishment of the Drug Discount Card Program.

Section 2 expands the state's prescription drug monitoring program²

¹The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 42.82% of payroll in FY 24.

² The Prescription Monitoring Program collects prescription data for Schedule II through Schedule V drugs into a centralized database, the Connecticut Prescription Monitoring and Reporting System (CPMRS), which can then be used by healthcare

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to include legend and non-legend drugs and devices resulting in a cost of \$761,601 in FY 24 and \$516,266 in FY 25 to the Department of Consumer Protection (DCP), along with corresponding fringe benefit costs of \$79,903 in FY 24 and \$81,900 in FY 25. To meet the requirements of the bill DCP will have to hire three new employees³, pay a one-time \$250,000 cost to expand the current system, and pay annual ongoing maintenance costs of \$325,000 per year.

Section 3 requires DCP, in consultation with UConn's School of Pharmacy, to submit a report detailing a framework to create an academic detailing program for certain medical staff participating in collaborative drug therapy management agreements resulting in no fiscal impact to the state.

Sections 4-8 require pharmaceutical representatives to be licensed by DCP resulting in an estimated annual revenue gain of \$1.2 million per year. Approximately 2,200 initial applications are expected for this license and the annual application and renewal fee is \$550.

Section 9 results in a cost of \$600,000 to the Office of Health Strategy (OHS) in FY 24 to conduct, prepare, and submit a study and corresponding report of pharmacy benefits managers' practices of prescription drug distribution.

Section 10 requires the executive director of the Office of Health Strategy to prepare a preliminary list of outpatient prescription drugs that are deemed a substantial cost to the state or critical to public health, which results in no fiscal impact to the state.

Section 11 prohibits off-campus hospital-based facilities in Connecticut from charging a facility fee in most circumstances. This could result in a significant revenue loss to UConn Health Center

providers and pharmacists in the active treatment of their patients. The purpose of the CPMRS is to present a complete picture of a patient's controlled substance use, including prescriptions by other providers.

³ The three new positions consist of a planning analyst, health program assistant, and an office assistant.

beginning in FY 24.

UConn Health has six locations that would be prohibited from charging facility fees unless allowed by a mutually agreed contract. It is estimated that the six facilities collect fees totaling \$7.3 million annually.⁴ Without contract terms allowing for a facility fee, UConn Health would be unable to collect these fees.

Section 12, which expands OHS's current regulatory authority of the Certificate of Need program, results in a potential revenue gain to the Resources of the General Fund to the extent that OHS imposes civil penalties on health care providers for not complying with the conditions set forth in the bill.

Section 13 allows OHS to retain an independent consultant for a pending Certificate of Need application, at the expense of the applicant, when the agency lacks the subject matter expertise, which results in no fiscal impact to the state.

Section 14 requires the Office of the Attorney General (OAG) to enforce Office of Health Strategy cease and desist orders as needed. This has no fiscal impact as enforcing orders for state agencies is current practice for OAG.

Section 15 expands the requirement of a Cost and Market Impact Review as part of the Certificate of Need application to apply to any hospital or health system acquisition. This does not result in a fiscal impact to the state because the agency already has the resources and expertise to process these applications.

Sections 16-19 regarding 340B entities result in an annual significant savings to the University of Connecticut Health Center. 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

⁴ Excluding facility fees from Medicare and Medicaid, which would continue to be exempted from facility fee limitations.

(PBM) practices. The health center estimates that the foregone savings due to these practices has reached approximately \$7 million to \$9 million annually. It is anticipated that the bill will reduce or eliminate the practices it prohibits, and consequently result in greater 340B savings to UConn Health Center.

Section 18 allows any entity covered under the bill's provisions, or OAG, to take enforcement action based on the facts of the case and their resources. It also stipulates that if the court determines any violations have occurred, the court may award injunctive relief, or other forms of relief. This has no fiscal impact since there are no fines associated with this provision.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to the number of licenses applied for and inflation.