

Department of Planning and Budget

2001 Fiscal Impact Statement

1. Bill Number HB 2694

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron Welch, J.

3. Committee Health, Welfare and Institutions

4. Title Resource on Pharmaceutical Companies' Free Drug Programs

- 5. Summary/Purpose:** Directs the Health Commissioner to establish, maintain and publicize a toll-free number to provide resource and referral information on pharmaceutical companies' free drug programs for persons who demonstrate financial hardship. Such information shall include, but not be limited to, available drugs, participating pharmaceutical companies, application procedures for each of the pharmaceutical companies and dispensing methods. The Commissioner may contract with one or more public or private organizations to administer this resource and referral program.

6. Fiscal impact estimates are tentative

Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2001-02	\$373,000	5.00*	GF
2002-03	\$313,000	5.00*	GF

*The five positions assumes an agency managed program. An alternative is to contract with one or more public or private organizations to run this resource and referral program. Using either approach, this is considered a conservative estimate to meet anticipated statewide demand based on the experience of several organizations who have similar existing regional programs in the Commonwealth.

7. Budget amendment necessary: Yes, item #306

- 8. Fiscal implications:** Many pharmaceutical manufacturers have special programs to assist people who cannot afford to buy the drugs they need. The extent to which these programs are publicized varies widely from company to company and even varies between individual drugs offered by the same company. The procedures and/or forms for consumers to use vary and there is no clearinghouse for all such opportunities. To meet the requirements of this bill, the agency would need to employ staff to handle the consumer calls and emails. Staff would need to be trained in customer service and highly skilled in the use of the Internet to conduct the appropriate research. Based on local social service agency experience with similar regional programs in the Commonwealth, the agency tentatively estimates establishing a program of five staff to include a program manager with pharmacy credentials or pertinent experience and five customer service and research staff. These five positions are estimated at a total cost of \$221,000 annually including 30% for fringe benefits

including the employer share of health insurance. An adequate database would have to be established, the agency website would have to be enhanced (or a separate site established), and sufficient phone and computer systems and office equipment would be necessary. These costs are included in the first year as a one-time cost of \$60,000. The bill directs the Commissioner to publicize the program and while this is certainly a variable cost, this impact statement includes \$80,000 on an annual basis to publicize the program statewide. The remaining portion of this estimate includes \$12,000 annually toward supplies, equipment replacement, technology training over time, etc.

The bill gives the Commissioner the option to contract with one or more public or private organizations to administer this resource and referral program. The extent of the program's ability to meet statewide demand, whether through an agency managed program or through private contracts will be a function of the funding available to support the effort.

9. Specific agency or political subdivisions affected:

Virginia Department of Health

10. Technical amendment necessary: No.

11. Other comments: None.

Date: 1/24/01

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cc: Secretary of Health and Human Resources

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