

Department of Planning and Budget 2020 Fiscal Impact Statement

1. Bill Number: HB 691

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

2. Patron: Simonds

3. Committee: Health, Welfare and Institutions

4. Title: Prescription Drug Affordability Board and Office, etc.; established

5. Summary: The proposed legislation establishes the Prescription Drug Affordability Board to study, review, and regulate the cost of prescription drugs in the Commonwealth, in consultation with a stakeholder work group appointed by the Board. The bill also establishes the Office of the Prescription Drug Affordability Board to provide staffing and administrative support to the Prescription Drug Affordability Board.

6. Budget Amendment Necessary: Yes. This legislation would require the creation of a new agency and Item in the Appropriation Act.

7. Fiscal Impact Estimates: Preliminary

Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2020	-	-	-
2021	\$945,000	5.0	General
2022	\$922,500	5.0	General
2023	\$922,500	5.0	General
2024	\$922,500	5.0	General
2025	\$922,500	5.0	General
2026	\$922,500	5.0	General

8. Fiscal Implications: The bill would establish a new Prescription Drug Affordability Board (Board) as well as an Office of the Prescription Drug Affordability Board (Office). It is assumed that state funding would be required to, at a minimum, fully cover the costs incurred by the Board and the Office in executing the provisions of the bill. Based on Maryland's cost estimate of implementing similar legislation and the costs of comparable state organizations, it is assumed that the Board and Office would require approximately \$945,000 general fund the first year and \$922,500 general fund each year thereafter to support five positions and operating costs.

In the first year, the Office would require the services of five full-time positions, including an executive director, pharmacist, two analysts with appropriate skill sets and an office manager. It is assumed that approximately \$675,000 would be needed to cover the salary

and benefits associated with these positions. It is also assumed that the Office would also incur costs associated with operating as a separate agency. Based on agencies of comparable size, it is assumed that each employee would require \$7,000 the first year and \$2,500 each subsequent year for furniture and computers. In addition, the Office would incur on-going costs for rent (\$50,000), information technology services (\$35,000), administrative (i.e. procurement, human resource, fiscal) services support (\$25,000) and other non-personal services (\$125,000).

9. Specific Agency or Political Subdivisions Affected: None

10. Technical Amendment Necessary: No

11. Other Comments: None