

## Department of Planning and Budget 2020 Fiscal Impact Statement

1. **Bill Number:** HB876

**House of Origin**     Introduced     Substitute     Engrossed

**Second House**     In Committee     Substitute     Enrolled

2. **Patron:** Subramanyam

3. **Committee:** Health, Welfare and Institutions

4. **Title:** Prescription drug price transparency.

5. **Summary:** Requires every health carrier, pharmacy benefits manager, wholesale drug distributor, and drug manufacturer to report information about prescription drug prices and related information to the Department of Health and requires the Department to make such information available on its website.

6. **Budget Amendment Necessary:** Yes, item 307.

7. **Fiscal Impact Estimates:** Preliminary, see item #8.

**7a. Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2021	\$350,000	General
2022	\$275,000	General
2023	\$275,000	General
2024	\$275,000	General
2025	\$275,000	General
2026	\$275,000	General

8. **Fiscal Implications:** The bill would require the design and implementation a new data collection program to obtain information on drug prices, costs and other related financial information from health carriers, pharmacy benefits managers, wholesale distributors and manufacturers. This information would be used in combination with data already submitted to the Virginia All Payer Claims Database (APCD) to develop an annual online report that analyzes drivers of prescription drug prices. However, the information requested relating to the Pharmacy Benefits Managers in the bill cannot be collected using the existing APCD layout and data fields. In order to fully comply with the requirements stipulated in the bill, VDH would need to contract with Virginia Health Information (VHI) as VDH does not have access to the relevant information and does not have a mechanism to collect such data. VHI would develop a data collection methodology based on research of national best practices to obtain the necessary information. The estimate also includes personnel costs for analysts, a web developer, and administrative staff at VHI. Other relevant costs include contracted software development, legal counsel for data submission agreements and subject matter

expert consulting. The estimated annual cost to fulfill all of these requirements is \$350,000 in 2021 and \$275,000 each year thereafter. Costs decrease in the out years because of the one-time cost to develop the database and a reduction in consultant and legal fees.

**9. Specific Agency or Political Subdivisions Affected:** Virginia Department of Health.

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** None.