

Department of Planning and Budget 2022 Fiscal Impact Statement

1. Bill Number: HB 591

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

2. Patron: VanValkenburg

3. Committee: Pending

4. Title: State agency prescription drug purchasing, etc.; Sec. of HHR to develop plan to consolidate

5. Summary: This legislation directs the Secretary of Health and Human Resources to develop a plan to consolidate state agency prescription drug purchasing and reimbursement programs to increase efficiency in prescription drug purchasing and reduce spending on prescription drugs. The bill directs the Secretary to provide to the Governor and General Assembly an interim report on the development of the plan to consolidate state agency prescription drug purchasing and reimbursement programs by November 1, 2022, and a final report on the plan by November 1, 2023.

6. Budget Amendment Necessary: Yes

7. Fiscal Impact Estimates: Preliminary

Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2023	\$200,000	General
2024	\$200,000	General
2025	-	-
2026	-	-
2027	-	-
2028	-	-
2029	-	-

8. Fiscal Implications: It is assumed that the Secretary of Health and Human Resources will require the assistance of a contractor to meet the provisions of this bill within the established timeframes. The bill will require expertise not readily available in the Health and Human Resources Secretariat. It is assumed that a contractor with detailed knowledge of prescription drug purchasing, pricing and reimbursement will need to be hired in order to meet several of the specific deliverables included in the required plan. Further, the cost of the contractor is spread between fiscal years 2023 and 2024 to reflect the need to issue an interim report by November 1, 2022 and a final report by November 1, 2023.

The cost estimate provided in this statement is a general estimate based on agency experience hiring contractors with specialized knowledge as would be required. State agencies have

spent anywhere from \$300,000 to \$500,000 for similar contractual staff. There is not sufficient funding in the Office of the Secretary of Health and Human Resources to absorb this cost. Should a more precise estimate of potential contractor cost be developed, then this statement will be revised.

9. Specific Agency or Political Subdivisions Affected:
Secretary of Health and Human Resources

10. Technical Amendment Necessary: No

11. Other Comments: None