

Department of Planning and Budget 2024 Session Fiscal Impact Statement

1. Bill Number: SB122-S1

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

2. Patron: VanValkenburg

3. Committee: Finance and Appropriations

4. Title: Department of General Services; Office of Pharmaceutical Services; report.

5. Summary: The Department of General Services (DGS) is to develop a plan to consolidate state agency prescription drug purchasing and pharmacy benefit management programs to increase efficiency in prescription drug purchasing and constrain spending on prescription drugs. The bill directs the Department to provide to the Governor and the General Assembly an interim report on the development of the plan by November 1, 2024, and a final report on the plan by November 1, 2025.

6. Budget Amendment Necessary: Yes, item 73 and item 292

7. Fiscal Impact Estimates:

Department of General Services (DGS)

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2025	600,000	0	GF

Department of Medical Assistance Services (DMAS)

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2025	125,000	0	GF
2025	125,000	0	NGF

8. Fiscal Implications: The Department of General Services (DGS) indicates up to \$600,000 may be needed to contract with a consultant in order to complete the interim report to the Governor and the General Assembly by November 1, 2024. The cost estimate for the consultant was derived by DGS from recent consulting projects with comparable work.

The bill requires a report on the findings with policy recommendations related to consolidating state agency prescription drug programs, transitioning all pharmacy services to fee-for-service benefits, implementing group purchasing arrangements, and otherwise maximizing cost savings. As such, it is assumed that the Department of Medical Assistance

Services (DMAS) would be required to perform an extensive analysis of all pharmacy services administered by the agency. It is expected that such an assessment would require specialized expertise not currently available within existing agency resources. As such, it is assumed that DMAS would need at least \$250,000 (\$125,000 general fund) in FY 2025 to procure a contractor to develop the necessary findings and recommendations.

- 9. Specific Agency or Political Subdivisions Affected:** Department of General Services and agencies that have a need for Pharmaceutical Services and Drugs (Virginia Department of Corrections, Department of Behavioral Health and Disability Services, Virginia Department of Health, and Department of Medical Assistance Services).

The Secretary of Administration, Secretary of Public Safety, and Secretary of Health and Human Resources may be asked to “provide support” in developing the plan.

- 10. Technical Amendment Necessary:** No

- 11. Other Comments:** This bill is identical to HB1348H1.