

# Preliminary

Consolidated Fiscal Note

2021-2022 Legislative Session

## HF801 - 4A - Prescription Drug Affordability Act

Chief Author: **Kelly Morrison**  
 Committee: **Commerce Finance and Policy**  
 Date Completed:  
 Lead Agency: **Legislature**  
 Other Agencies:  
     Attorney General                      Commerce Dept  
     Health Dept                              Human Services Dept  
     Minn Management and Budget        MNSure

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2021	FY2022	FY2023	FY2024	FY2025
<b>Legislature</b>						
General Fund	-	196	356	356	356	356
<b>State Total</b>						
General Fund	-	196	356	356	356	356
<b>Total</b>	<b>-</b>	<b>196</b>	<b>356</b>	<b>356</b>	<b>356</b>	<b>356</b>
<b>Biennial Total</b>			<b>552</b>			<b>712</b>

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
<b>Legislature</b>					
General Fund	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Lead LBO Analyst's Comment

LBO Signature:      Date:  
 Phone:                Email:

# Preliminary

## State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		<b>Biennium</b>			<b>Biennium</b>	
Dollars in Thousands		<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>	<b>FY2024</b>	<b>FY2025</b>
<b>Legislature</b>						
General Fund	-	196	356	356	356	356
<b>Total</b>	<b>-</b>	<b>196</b>	<b>356</b>	<b>356</b>	<b>356</b>	<b>356</b>
	<b>Biennial Total</b>		<b>552</b>			<b>712</b>
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
Legislature						
General Fund	-	196	356	356	356	356
<b>Total</b>	<b>-</b>	<b>196</b>	<b>356</b>	<b>356</b>	<b>356</b>	<b>356</b>
	<b>Biennial Total</b>		<b>552</b>			<b>712</b>
<b>2 - Revenues, Transfers In*</b>						
Legislature						
General Fund	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Biennial Total</b>		<b>-</b>			<b>-</b>

# Preliminary

Fiscal Note

2021-2022 Legislative Session

## HF801 - 4A - Prescription Drug Affordability Act

Chief Author: **Kelly Morrison**  
 Committee: **Commerce Finance and Policy**  
 Date Completed:  
 Agency: Legislature

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2021	FY2022	FY2023	FY2024	FY2025
General Fund	-	196	356	356	356	356
<b>Total</b>	-	<b>196</b>	<b>356</b>	<b>356</b>	<b>356</b>	<b>356</b>
<b>Biennial Total</b>			<b>552</b>			<b>712</b>

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
General Fund	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

### LBO Analyst's Comment

LBO Signature:      Date:  
 Phone:              Email:

# Preliminary

## State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		Biennium			Biennium	
Dollars in Thousands	FY2021	FY2022	FY2023	FY2024	FY2025	
General Fund	-	196	356	356	356	
<b>Total</b>	<b>-</b>	<b>196</b>	<b>356</b>	<b>356</b>	<b>356</b>	<b>356</b>
<b>Biennial Total</b>			<b>552</b>			<b>712</b>
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
General Fund	-	196	356	356	356	356
<b>Total</b>	<b>-</b>	<b>196</b>	<b>356</b>	<b>356</b>	<b>356</b>	<b>356</b>
<b>Biennial Total</b>			<b>552</b>			<b>712</b>
<b>2 - Revenues, Transfers In*</b>						
General Fund	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Biennial Total</b>			<b>-</b>			<b>-</b>

## Bill Description

The bill creates a Prescription Drug Affordability Board in the executive branch under MS 15.012 (a) and a Prescription Drug Affordability Advisory Council to support the board's work with providing review and analysis of prescription drug cost. The board must submit a report to the governor and the legislature annually beginning March 1, 2022.

The Prescription Drug Affordability Board (PDAB) will consist of seven members with three appointed by the governor and four appointed by the legislature with initial appointments to be done by January 1, 2022. The board must meet at a minimum once every three months. Members shall not receive compensation but may be reimbursed for expenses as provided by MS 15.059, Subd. 3.

The Prescription Drug Affordability Advisory Council (PDAAC) will consist of 12 members appointed by the governor. Initial appointments are to be made by January 1, 2022. Council members may be compensated as provided by MS 15.059. The council must meet at a minimum once every three months.

The Legislative Coordinating Commission (LCC) shall establish the PDAB. An executive director and other staff are to be hired to support the board and the council. The board may also contract for professional and technical assistance as determined by the board. The attorney general shall provide legal services to the board.

General fund appropriations are to be appropriated to the board beginning FY22.

## Assumptions

Cost for the Legislature (LCC cost establishment of board, search for executive director; House & Senate fiscal analyst cost)

1. The LCC is charged with the initial establishment of the PDAB. The nominal cost for limited responsibilities of the LCC for the establishment of the board and work with the board to coordinate the process of hiring an executive director will be absorbed by the LCC.
2. Senate Counsel, Research and Fiscal Analysis will follow the work of the PDAB and nominal cost will be absorbed.
3. House Research Department and Fiscal Analysis Department will follow the work of the PDAB and nominal cost will be absorbed.

Cost for the Prescription Drug Affordability Board (Board, Council and Office)

1. The PDAB will be responsible for cost of the PDAAC, PDAB, operational, consultant, and all personnel costs of its

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office. Because the PDAB does not yet exist, the LCC is including the projections of the associated costs for the Board in this fiscal note for informational purposes.

2. The PDAB will meet within the Capitol complex two times in FY22 and then four times each fiscal year thereafter.
3. The seven members of the PDAB are assumed to be public members who will be reimbursed for their expenses but will not receive per diem.
4. The PDAAC will meet within the Capitol complex two times in FY22 and then four times each fiscal year thereafter.
5. The 12 members of the PDAAC are assumed to be public members and will receive per diem and reimbursement of expenses.
6. Public member meeting expense costs include the following per member for each meeting: \$85 round trip mileage (152 round trip mile average), \$36 meal cost, and \$150 lodging for half of the members. For the PDAAC, meeting cost include \$55 per diem per member for each meeting.
7. An executive director will be hired beginning January 2022 (.50 FTE / 1,044 hours in FY22, 1.0 FTE / 2088 hours in FY23 and beyond). The executive director will be responsible for hiring any other support staff and will work with the board to determine if any consultant assistance is needed at the cost of the PDAB.
8. An administrative assistant and an analyst will be hired beginning February 2022 (each at .30 FTE / 626 hours in FY22, .75 FTE / 1,566 hours in FY23 and beyond). Compensation cost for staff will include salary, FICA cost and employer contribution for health insurance and Unclassified retirement plan (fringe cost). For this note, we assume consultant services will be arranged annually beginning FY23 at a cost of \$50,000 although that determination will be with the board.
9. The build-out of rented state office space will need to be arranged and office equipment will need to be procured in FY22. Rented space will include meeting space for the board and council.
10. Operational cost includes in part supplies, specialized software, and professional development/training and travel for staff.
11. Fiscal and human resource assistance from the Department of Administration SMART will be retained.
12. This note does not include any additional cost that other state agencies may incur for support and/or interaction with the board, council, or office.
13. Operational cost includes in part supplies, specialized software, and professional development/training and travel for staff. Operational cost includes, in part, supplies, specialized software, and professional development/training and travel for staff and members.
14. Fiscal and human resource assistance from the Department of Administration SMART program will be retained.
15. This note does not include any additional cost that other state agencies may incur for support and/or interaction with the board, council, or office.

## Expenditure and/or Revenue Formula

<b><u>Member Meeting Participation Cost</u></b>	FY21	FY22	FY23	FY24	FY25
PDAB Member Mtg Participation Cost	0	3,000	6,000	6,000	6,000
PDAAC Member Mtg Participation Cost	0	6,000	12,000	12,000	12,000
<b>Total Member Mtg Participation Cost</b>	<b>0</b>	<b>9,000</b>	<b>18,000</b>	<b>18,000</b>	<b>18,000</b>
<b><u>Staff Support</u></b>	FY21	FY22	FY23	FY24	FY25
PDAB Executive Director (19M managerial plan; .50 FTE/1044 Hrs FY22; 1.0 FTE/2088 hours FY23 & beyond)	0	71,000	142,000	142,000	142,000
PDAB Analyst (Lvl 7 MAPE; .30 FTE/626 Hrs FY22; .75 FTE/1566 hours FY23 & beyond)	0	26,000	65,000	65,000	65,000

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PDAB Administrative Assistant (61L AFSME MAPE; .30 FTE/626 Hrs FY22; .75 FTE/1566 hours FY23 & beyond)	0	22,000	55,000	55,000	55,000
<b>Total PDAB Staff Support</b>	<b>0</b>	<b>119,000</b>	<b>262,000</b>	<b>262,000</b>	<b>262,000</b>
<b>Consultant Cost</b>	<b>0</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>
<b>Total PDAB Staff Support &amp; Consultant Cost</b>	<b>0</b>	<b>169,000</b>	<b>312,000</b>	<b>312,000</b>	<b>312,000</b>
<b>Office Operation &amp; Consultant Cost</b>	FY21	FY22	FY23	FY24	FY25
Total Office Space Rental, Equipment, Build-Out & Operation Cost	0	13,000	21,000	21,000	21,000
Retained SMART Fiscal/HR Support Services	0	5,000	5,000	5,000	5,000
<b>Total Office Space, Equipment, Build-Out &amp; Operation Cost &amp; SMART Retained Support</b>	<b>0</b>	<b>18,000</b>	<b>26,000</b>	<b>26,000</b>	<b>26,000</b>
<b>Total Cost</b>	FY21	FY22	FY23	FY24	FY25
Total Member Meeting Participation Cost (PDAB & PDAAC)	0	9,000	18,000	18,000	18,000
Total PDAB Staff Support & Consultant Cost	0	169,000	312,000	312,000	312,000
Total Office Space, Equipment, Build-Out & Operation Cost & SMART Retained Support	0	18,000	26,000	26,000	26,000
<b>Total Cost</b>	<b>0</b>	<b>196,000</b>	<b>356,000</b>	<b>356,000</b>	<b>356,000</b>
FTEs	FY21	FY22	FY23	FY24	FY25
<b>New Total FTEs</b>	<b>0</b>	<b>1.1</b>	<b>2.5</b>	<b>2.5</b>	<b>2.5</b>

## Long-Term Fiscal Considerations

Cost would be ongoing.

## Local Fiscal Impact

# Preliminary

N/A

## **References/Sources**

Patrick McCormack, House of Representatives

Bill Marx, House of Representatives

Tom Bottern, Minnesota Senate

Eric Nauman, Minnesota Senate

Michelle Weber, Legislative Coordinating Commission

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**Agency Fiscal Note Coordinator Signature:** Diane Henry-Wangenstein

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# Preliminary

Fiscal Note

2021-2022 Legislative Session

## HF801 - 4A - Prescription Drug Affordability Act

Chief Author: **Kelly Morrison**  
 Committee: **Commerce Finance and Policy**  
 Date Completed:  
 Agency: Commerce Dept

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
Dollars in Thousands					
<b>Total</b>	-	-	-	-	-
<b>Biennial Total</b>			-		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
<b>Total</b>	-	-	-	-	-

### LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

**LBO Signature:** Christian Larson    **Date:** 3/9/2021 9:52:34 AM  
**Phone:** 651-284-6436    **Email:** christian.larson@lbo.leg.mn

# Preliminary

## State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		Biennium			Biennium	
Dollars in Thousands	FY2021	FY2022	FY2023	FY2024	FY2025	
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-
<b>2 - Revenues, Transfers In*</b>						
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

## Bill Description

House File 801-4A proposes the creation of a prescription drug affordability board and a prescription drug affordability advisory council.

The bill directs the Legislative Coordinating Commission to establish a prescription drug affordability advisory council, which is a 12-member stakeholder council, appointed by the governor, representing multiple areas of the health care system to represent stakeholder views on prescription drug affordability. The bill requires that the advisory council meet publicly at least once every three months.

The bill establishes a number of prescription drug products to be reviewed by the board and council, with a focus on prescription drugs with significant increases in wholesale acquisition costs and other potentially high-cost drugs. The bill establishes requirements for conducting a prescription drug price cost review. Initial information for the cost review is to be provided by the Commissioner of Health and other sources. Initial information provided to the advisory council will come from data collected under Minn. Stat. § 62J.84, Subds. 3, 4, and 5. The board and advisory council must make their findings publicly available minus any drug pricing information determined to be proprietary. A cost review of a specific prescription drug under this section may be pursued with board consensus.

The bill includes factors to consider if a prescription drug product is being reviewed. Factors to be considered include pricing information of the drug; rebates; the cost of the drug to group purchasers and health plan enrollees on average; and associated financial impacts of the drug based on its utilization. The board may also consider additional information for review if unable to come to a definitive conclusion regarding the prescription drug's affordability challenges.

The bill also establishes compliance remedies when a prescription drug product has been reviewed and found to create an affordability challenge. The board may establish an upper payment limit for the drug reviewed, which will apply to all public and private purchases, payments, and payer reimbursements. The Attorney General is tasked enforcing compliance in this area.

The bill establishes reporting requirements of the board beginning March 1, 2022. The report must include general information on prescription drug pricing as well as the specific drugs reviewed by the board.

## Assumptions

Commerce assumes that HF 801-4A will not have a fiscal impact on the agency. The bill does not include any specific responsibilities for the agency. Commerce may be consulted by the proposed board on certain drug pricing items given its work with implementing transparency reporting requirements for PBMs under Minn. Stat. § 62W.06. Any requests for information or assistance would not substantially increase existing staff workload.

## Expenditure and/or Revenue Formula

# Preliminary

## Long-Term Fiscal Considerations

## Local Fiscal Impact

## References/Sources

### **Agency Contact:**

**Agency Fiscal Note Coordinator Signature:** Amy Trumper

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**Date:** 3/9/2021 9:48:51 AM

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# Preliminary

**Fiscal Note**

**2021-2022 Legislative Session**

**HF801 - 4A - Prescription Drug Affordability Act**

Chief Author: **Kelly Morrison**  
 Committee: **Commerce Finance and Policy**  
 Date Completed:  
 Agency: **Human Services Dept**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
<b>Local Fiscal Impact</b>		
		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

<b>State Cost (Savings)</b>	Biennium			Biennium		
	Dollars in Thousands	FY2021	FY2022	FY2023	FY2024	FY2025
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

<b>Full Time Equivalent Positions (FTE)</b>	Biennium			Biennium		
		FY2021	FY2022	FY2023	FY2024	FY2025
<b>Total</b>	-	-	-	-	-	-

**LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

**LBO Signature:** Steve McDaniel    **Date:** 3/8/2021 5:15:20 PM  
**Phone:** 651-284-6437    **Email:** steve.mcdaniel@lbo.leg.mn

# Preliminary

## State Cost (Savings) Calculation Details

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\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		Biennium			Biennium	
Dollars in Thousands	FY2021	FY2022	FY2023	FY2024	FY2025	
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-
<b>2 - Revenues, Transfers In*</b>						
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

## Bill Description

Section 3 of this bill would establish a Prescription Drug Affordability Board.

Section 8 of this bill authorizes the Board to establish an upper payment limit under select circumstances for those drugs deemed to create an affordability challenge for the state health care system or for patients.

## Assumptions

Upper payment limits established by the Board are assumed to apply to both the Medical Assistance (MA), Minnesota's Medicaid program, and MinnesotaCare.

In the case that the Board sets an upper payment limit for a drug, both the Department of Human Services (DHS) in its administration of the fee-for-service (FFS) MA program and managed care organizations (MCOs) providing MA and MinnesotaCare would be subject to the upper payment limit for the drug. DHS already utilizes upper payment limits for the FFS program, as do the PBMs contracted with MCOs. If the upper payment limit was set higher than the current upper payment limits, then there would be no impact to claims payments. If the upper payments were set lower than the current upper payment limits, then DHS or the MCOs may experience a fiscal impact; however the impact is not quantifiable because the drugs that would have a capped reimbursement rate and the level of that cap are not currently known.

Given the unknown impact of this bill on DHS programs, the agency assumes no administrative costs for implementation of the bill.

## Expenditure and/or Revenue Formula

## Long-Term Fiscal Considerations

## Local Fiscal Impact

## References/Sources

**Agency Contact:** Elyse Bailey, 651-431-2932

**Agency Fiscal Note Coordinator Signature:** Elyse Bailey

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# Preliminary

**Fiscal Note**

**2021-2022 Legislative Session**

**HF801 - 4A - Prescription Drug Affordability Act**

Chief Author: **Kelly Morrison**  
 Committee: **Commerce Finance and Policy**  
 Date Completed:  
 Agency: **Minn Management and Budget**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2021	FY2022	FY2023	FY2024	FY2025
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
		FY2021	FY2022	FY2023	FY2024	FY2025
<b>Total</b>	-	-	-	-	-	-

**LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

**LBO Signature:** Joe Harney      **Date:** 3/9/2021 6:27:16 PM  
**Phone:** 651-284-6438      **Email:** joe.harney@lbo.leg.mn

# Preliminary

## State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2 Dollars in Thousands	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
<b>Total</b>	-	-	-	-	-
<b>Biennial Total</b>			-		-
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>					
<b>Total</b>	-	-	-	-	-
<b>Biennial Total</b>			-		-
<b>2 - Revenues, Transfers In*</b>					
<b>Total</b>	-	-	-	-	-
<b>Biennial Total</b>			-		-

## Bill Description

This bill establishes a Prescription Drug Affordability Board and Prescription Drug Affordability Advisory Council. The board is created with the stated purpose to protect consumers, state and local governments, health plan companies, providers, pharmacies, and other health care system stakeholders in the state of Minnesota from excessive cost changes in certain prescription medications. The advisory council provides data and advice to the board on pharmaceutical cost issues and stakeholder views, drug price changes, and expensive new drug entrants onto the pharmacy market. This advice is provided after the advisory council reviews reporting from, and consults with, pharmaceutical manufacturers. Based on the information provided by the advisory council, the affordability board is authorized to establish a maximum reimbursement level for specific drugs that applies to all payers in the state. The board must report annually on the data they collect. The legislation outlines compliance guidelines and legal remedies for violations.

## Assumptions

Minnesota Management and Budget (MMB) administers the State Employee Group Insurance Program (SEGIP) which provides health, dental, life and other benefits to eligible State employees and their dependents, and other groups including quasi-state agencies under the legislative authority provided in Minnesota Statutes 43A. Health benefits are provided through the self-funded Minnesota Advantage Health Plan. SEGIP contracts with three health plan administrators to administer medical benefits and a Pharmacy Benefit Manager (PBM) to administer its prescription drug benefit.

The proposed bill would create administrative bodies to review pharmaceutical manufacturer data and potentially mandate a maximum reimbursement for drugs that meet criteria to be determined by the Prescription Drug Affordability Board. It is possible that SEGIP could see its costs for certain pharmaceuticals decrease if a maximum price is instituted by the board for a medication that SEGIP includes in its formulary, and that price is below SEGIP's current cost. However, there is no way to predict the medications to be targeted by the board for price reductions, the timing of any changes to medication pricing, the magnitude of the price decrease that SEGIP would experience, or the utilization of those medications by SEGIP's members. Due to these unknown factors, any fiscal impact on SEGIP cannot be realistically estimated at this time.

## Expenditure and/or Revenue Formula

## Long-Term Fiscal Considerations

## Local Fiscal Impact

# Preliminary

## References/Sources

**Agency Contact:** Lorna Smith, 651-259-3604

**Agency Fiscal Note Coordinator Signature:** Paul Moore

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# Preliminary

**Fiscal Note**

**2021-2022 Legislative Session**

**HF801 - 4A - Prescription Drug Affordability Act**

Chief Author: **Kelly Morrison**  
 Committee: **Commerce Finance and Policy**  
 Date Completed:  
 Agency: **MNsure**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

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<b>State Cost (Savings)</b>	Biennium			Biennium		
	Dollars in Thousands	FY2021	FY2022	FY2023	FY2024	FY2025
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

<b>Full Time Equivalent Positions (FTE)</b>	Biennium			Biennium		
		FY2021	FY2022	FY2023	FY2024	FY2025
<b>Total</b>	-	-	-	-	-	-

**LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

**LBO Signature:** Adam Blom      **Date:** 3/9/2021 5:51:52 PM  
**Phone:** 651-284-6542      **Email:** adam.blom@lbo.leg.mn

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## State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		Biennium			Biennium	
Dollars in Thousands	FY2021	FY2022	FY2023	FY2024	FY2025	
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-
<b>2 - Revenues, Transfers In*</b>						
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

## Bill Description

This bill establishes a prescription drug affordability board and prescription drug affordability advisory council. The board may conduct prescription drug product reviews in order to identify whether a particular drug creates an affordability challenge for the state health care system or patients and establish an upper payment limit for all public and private purchases, payments, and payer reimbursements for the prescription drug product that is intended for individuals in the state.

## Assumptions

This bill would result in no direct fiscal impact to MNsure; however, changes in plan premiums, plan choice, or plan demand could have an effect on the amount of revenue MNsure generates through its premium withhold.

The cost to provide prescription drug coverage is one of many factors health plans consider each year when setting their rates for plans sold on the individual market. Because the affordability board established in HF801 can establish an upper payment limit on any prescription drugs that it identifies as presenting an affordability challenge for the state health care system or for patients, this could impact rates and therefore plan premiums and plan design in the individual market.

An actuarial study would need to be conducted to determine the impact to health insurance premiums, plan choice, or plan demand caused by the effects of HF801. Further, MNsure does not know which prescription drugs will be reviewed by the affordability board nor whether any of those reviews will result in the establishment of an upper payment limit on a particular drug.

## Expenditure and/or Revenue Formula

## Long-Term Fiscal Considerations

## Local Fiscal Impact

## References/Sources

**Agency Contact:** Anna Burke (651-539-1332)

**Agency Fiscal Note Coordinator Signature:** Mubarek Abdi

**Date:** 3/9/2021 3:10:24 PM

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