



- The Medicaid program will have a decrease in expenditures associated with the purchase of pharmaceuticals for Medicaid recipients since there will be drugs available for prescription that are donated under this drug repository program.
- Revenues that the Medicaid program receives under drug rebate programs from manufacturers would be lessened since fewer drugs would be purchased from the manufacturer under the Medicaid program if the drugs were instead available through the repository program.
- The bill takes effect one year after the effective date. Therefore, LSC estimates that no fiscal impact will occur until FY 2004.

### ***Local Fiscal Highlights***

- No direct fiscal effect on political subdivisions.
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### ***Detailed Fiscal Analysis***

#### **Ohio Department of Health (DOH) and Pharmacy Board (PRX)**

The bill requires the Pharmacy Board to establish the drug repository program and consult with the Department of Health as the Board promulgates rules governing the program. PRX will incur a minimal increase in expenditures associated with activities surrounding the rule-making process. In future years, the Board may incur costs if the program's rules are updated and/or amended.

As part of the rule making process, eligibility standards based on economic need will be established to determine what individuals are eligible to receive drugs under this program. The rules also require the establishment of a mechanism, such as an identification card, by which an individual could demonstrate eligibility under the program to a pharmacist, in order to receive the benefits of the program. If an identification card is required, the entity producing the cards will incur an increase in expenditures. The bill also requires a person who receives donated drugs to be a resident of Ohio. In addition, the rules promulgated by PRX must establish eligibility criteria for hospitals, pharmacies, and nonprofit clinics to receive and dispense donated drugs.

#### **Medicaid**

The bill will have fiscal impact on the state Medicaid program related to purchasing drugs for the Medicaid program and receiving revenue under the drug rebate program from the manufacturer.

The bill will reduce state Medicaid costs since Medicaid will not need to pay for the drugs for Medicaid recipients that are having their prescriptions filled with drugs donated under the repository program. However, the state will also incur a reduction in the amount of revenue received under the drug manufacturer rebate program since the Medicaid program will purchase fewer drugs. The state usually receives rebates equal to about 20 percent of the cost of a drug from the manufacturer. The

drug rebates are deposited in Federal Special Revenue Fund 5P5 and appropriated in line item 600-692, Health Care Services.

The Legislative Service Commission is not aware of any data source that would provide a number corresponding to the amount of donated drugs that will be prescribed under the plan. Therefore, LSC is unable to estimate the net effect of the bill on the state Medicaid program. In addition, the federal government would reimburse the state for approximately 60 percent of Medicaid drug expenditures.

Since the bill takes effect one year after the effective date, LSC estimates that no fiscal impact will occur until FY 2004.

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