

Multiple Agency Fiscal Note Summary

Bill Number: 5532 2S SB	Title: Rx drug affordability board
--------------------------------	---

Estimated Cash Receipts

NONE

Estimated Operating Expenditures

Agency Name	2021-23				2023-25				2025-27			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Washington State Health Care Authority	4.0	1,918,000	1,918,000	1,918,000	7.3	2,674,000	2,674,000	2,674,000	7.0	2,594,000	2,594,000	2,594,000
Office of Administrative Hearings	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Revenue	.0	0	0	0	.0	0	0	0	.0	0	0	0
Office of Insurance Commissioner	.1	0	0	31,265	.0	0	0	0	.0	0	0	0
Total \$	4.1	1,918,000	1,918,000	1,949,265	7.3	2,674,000	2,674,000	2,674,000	7.0	2,594,000	2,594,000	2,594,000

Estimated Capital Budget Expenditures

Agency Name	2021-23			2023-25			2025-27		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Washington State Health Care Authority	.0	0	0	.0	0	0	.0	0	0
Office of Administrative Hearings	.0	0	0	.0	0	0	.0	0	0
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Office of Insurance Commissioner	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Estimated Capital Budget Breakout

Prepared by: Jason Brown, OFM	Phone: (360) 742-7277	Date Published: Revised 2/16/2022
--------------------------------------	---------------------------------	---

Individual State Agency Fiscal Note

Bill Number: 5532 2S SB	Title: Rx drug affordability board	Agency: 107-Washington State Health Care Authority
--------------------------------	---	---

Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	0.0	8.0	4.0	7.3	7.0
Account					
General Fund-State 001-1	0	1,918,000	1,918,000	2,674,000	2,594,000
Total \$	0	1,918,000	1,918,000	2,674,000	2,594,000

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact . Factors impacting the precision of these estimates , and alternate ranges (if appropriate) , are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia , complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia , complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Sandy Stith	Phone: 786-7710	Date: 02/08/2022
Agency Preparation: Corina Campbell	Phone: 360-725-1479	Date: 02/11/2022
Agency Approval: Michael Paquette	Phone: 360-725-0875	Date: 02/11/2022
OFM Review: Jason Brown	Phone: (360) 742-7277	Date: 02/14/2022

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency .

See Attached.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates . Distinguish between one time and ongoing functions .

See Attached.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

See Attached.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2022	FY 2023	2021-23	2023-25	2025-27
001-1	General Fund	State	0	1,918,000	1,918,000	2,674,000	2,594,000
Total \$			0	1,918,000	1,918,000	2,674,000	2,594,000

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years		8.0	4.0	7.3	7.0
A-Salaries and Wages		710,000	710,000	1,267,000	1,216,000
B-Employee Benefits		262,000	262,000	470,000	452,000
C-Professional Service Contracts		780,000	780,000	760,000	760,000
E-Goods and Other Services		72,000	72,000	135,000	126,000
G-Travel		14,000	14,000	27,000	26,000
J-Capital Outlays		80,000	80,000	15,000	14,000
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	1,918,000	1,918,000	2,674,000	2,594,000

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation . Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2022	FY 2023	2021-23	2023-25	2025-27
Administrative Assistant 3	49,000		1.0	0.5	1.0	1.0
IT Data Management Journey	102,000		1.0	0.5	0.3	
Legal Assistant 3	55,000		1.0	0.5	1.0	1.0
Medical Assistance Specialist 3	81,000		2.0	1.0	2.0	2.0
Operations Research Specialist	98,000		1.0	0.5	1.0	1.0
WMS Band 02	115,000		1.0	0.5	1.0	1.0
WMS Band 03	129,000		1.0	0.5	1.0	1.0
Total FTEs			8.0	4.0	7.3	7.0

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

IV. D - Capital FTE Detail: *List FTEs by classification and corresponding annual compensation . Totals need to agree with total FTEs in Part IVB*

NONE

See Attached.

Part V: New Rule Making Required

HCA Fiscal Note

Bill Number: 2SSB 5532

HCA Request #: 22-127

Part II: Narrative Explanation

SB 5532 establishes a prescription drug affordability board (the board) to be managed and administered by the Health Care Authority (HCA). The PDAB is tasked with reviewing drug prices, performing affordability reviews, creating upper payment limits, using savings, and creating penalties.

The second substitute version of this bill varies from the previous version in the following ways:

Sec. 2(3) allows a representative from the industry serving on an advisory board to be an employee, consultant, or board member of a manufacturer or trade associate. This will not be considered a conflict of interest.

Sec. 3 further restricts drugs that the board may identify. They must: have a wholesale acquisition cost of \$60,000 (previously \$25,000) or more per year or for a course of treatment less than 1-year; or have a price increase of 15% or more (previously \$3,000) in any 12-month period for any course of treatment lasting less than 12-months; or a 50% cumulative increase over three years. HCA performed a cursory review of the Top 50 drugs by expenditure for Uniform Medical Plan paid for in 2020. Of the top 50 drugs only 3 qualify for an affordability review.

Sec. 4 specifies that the PDAB may review up to 24 drugs per year.

Sec. 5 clarifies language specifying that the PDAB may not employ a measure which assigns a reduced value to the life extension to individuals with preexisting disability or chronic health condition.

Sec. 7 changes the duration that a manufacturer would be prohibited from selling a drug in the state from 5 years to 3 years.

Sec. 8 and Section 12, which allowed the PDAB to impose a penalty on increased revenue from drug price increases was removed.

Sec. 10 places board members at risk of liability for misuse of data from the DPT program that may be used in the drug affordability reviews.

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Sec. 2 – Establishes a prescription drug affordability board and advisory groups to the board.

Sec. 2(6) - Stipulates HCA must provide administrative support to the board and any advisory group of the board. Gives rulemaking authority to HCA for rules governing the board's operation.

Sec. 2 (7) – Board members shall be compensated for participation in accordance with a personal services contracts to be executed after appointment and before commencement of activities.

Sec. 2(11) - The board must coordinate and collaborate with HCA, other boards, work groups, and commissions related to prescription drug costs and emerging therapies, including the health care cost transparency board in chapter 70.390 RCW and the universal health care commission established in RCW 41.05.840.

HCA Fiscal Note

Bill Number: 2SSB 5532

HCA Request #: 22-127

Sec. 3 - Sets June 30, 2023, as the date the board must identify certain brand name prescription drugs and biological products, biosimilar products, and generic drugs, according to specific cost and price increase thresholds.

Sec. 4 - Directs the board to conduct affordability reviews on certain prescription drugs.

Sec. 4(4) - Allows HCA to assess a fine of up to \$100,000 against a manufacturer for each failure to comply with a request from the board. The assessment of fines are subject to review under APA chapter 34.05 RCW.

Sec. 5 - Creates a new section under the new chapter in Title 70 RCW that allows for the creation of Upper Payment Limits (UPLs) for drugs following an affordability review.

Sec. 5(1) - Requires the board to create methodology in rule for setting UPLs for drugs the board has determined have led or will lead to excess costs based on its affordability reviews.

Sec. 5(4) - Requires that HCA post on its website notice of the proposed UPLs including an explanation of the factors considered when setting the proposed limit and instructions to submit written comment.

Sec. 5(9) - Allows for an appeal process to board decisions.

Sec. 6 (2) - Stipulates the board must establish a savings calculation formula by January 1, 2024, to collect savings attributable to the establishment of an upper payment limit.

Sec. 6 (3) - Stipulates that any state agency and health carrier issuing a health plan in the state must submit reports of savings generated by the establishment of upper payment limit(s) to the board each year.

Sec. 7 – Allows for, places restrictions around, and stipulates how a manufacturer may withdraw from sale or distribution within the state a prescription drug for which the board has established an upper payment limit. Manufacturers who have withdrawn a drug according to this section may petition HCA, following a procedure outlined in HCA rules, for that drug to be reintroduced to the market in Washington.

Sec. 9 - HCA may adopt any rules necessary to implement this chapter.

Sec. 11(6) – Adds a section to RCW 43.71C.100 allowing the board to access all data collected according to RCW 43.71C.020 through 43.71C.080 and any analysis prepared by HCA for the purpose of reviewing drug prices and conducting affordability reviews.

II. B - Cash Receipts Impact

None.

II. C – Expenditures

HCA requests \$1,918,000(GF-S) in FY2023, \$1,377,000 (GF-S) in FY2024 and \$1,297,000 (GF-S) each year thereafter. HCA also requests 8.0 FTE in FY2023, 7.5 FTE's in FY2024 and 7.0 FTEs each year thereafter.

To implement all sections of this bill:

HCA Fiscal Note

Bill Number: 2SSB 5532

HCA Request #: 22-127

Clinical Quality and Care Transformation (CQCT) Pharmacy will need 1 WMS3 Program Manager, 2 MAPS3 for policy analysis, and 1 AA3 for coordinating the logistics of the meetings and materials:

1.0 FTE Washington Management Service Band 03

This position will have familiarity with health economics and will perform the following tasks:

- supervise the unit tasked with administering the board and its pricing reviews.
- Supervising the one AA3 and one MAPS3.
- Manage the contract for the project manager.
- Represent HCA at board meetings and in other public settings.
- Provide approval to materials that are published by the board.
- Develop and oversee processes for board staff and team members to conduct meetings, drug price reviews, affordability reviews, setting upper payment limits, use of savings, manufacturer withdrawal from market, and prescription drug penalties.

1.0 FTE Administrative Assistant 3

To provide administrative support to the board and to any advisory groups, including the following tasks:

- Scheduling meetings, booking venues for PDAB meetings; create agendas, meeting materials, send out stakeholder communications, triage PDAB e-mail box.
- Coordinating schedules with board members, advisory group members, and internal HCA staff for meetings.
- Managing contracts of board members and coordination with advisory group members; provide for board member compensation and reimbursement of travel expenses.
- Managing the boards website, public communications, and mailbox.
- Ensuring documents for meetings are ready before meetings, prepared for members, and posted to the website.
- Handles audio, visual, and technical components of meetings, including managing the virtual meeting software.
- Respond to communications through the board General Mailbox as required.
- Record and transcribe PDAB meeting minutes.
- Other administrative duties as assigned by WMS-03.

2.0 FTE Medical Assistance Program Specialist 3

To provide policy and research analyst support to the PDAB and to the advisory groups, including the following tasks:

- Annually identify brand name drugs and biologic products that have a WAC > \$25,000 per year or have a ≥ \$3,000 price increase in any 12-month period or for a course of treatment lasting less than 12-months; biosimilar products with a WAC less than 15% below the reference biologic; and generic drugs with WAC ≥ \$100 for a 30-day supply or less that has a price increase by 200% or more in the preceding 12-months.
- Handle internal and external communications through the boards General Mailbox.
- Design research studies to support the board and advisory group drug price and affordability reviews.
- Retrieve and evaluate research and clinical trials for inclusion in research projects.
- Draft and finalize materials to be used for the board and advisory group meetings.
- Collaborate with the board ORS positions around data needs for drug price reviews, affordability reviews, upper payment limits, drug savings, and drug penalties.
- Plan and facilitate board meetings.

HCA Fiscal Note

Bill Number: 2SSB 5532

HCA Request #: 22-127

- Managing the webpages on the HCA website.
- Develop and finalize public communications and other announcements.
- Create policies and procedures to manage the program including collecting and storage of data, drafting reports, administering, and collecting fines, conflict of interest attestation.
- Draft Washington administrative code.
- Identify relative stakeholder to serve on advisory committees.

\$150,000 for Project Management

For one (1) year to support and to include the following work:

- Drafting Charter Creating project plan for standing up the board program.
- Creating and maintain process maps for the board staff to understand and develop workflow and processes, including process maps for drug price reviews, affordability reviews, setting upper payment limits, use of savings, manufacturer withdrawal from market, and prescription drug penalties.
- Assist board and HCA with rulemaking for board programs.
- Assist in defining roles and responsibilities of board program and support staff.

CQCT Data will need 2.0 FTEs, (1 WMS2, 1 ORS) to perform the data management, modeling, and analytics necessary to support the board and its work.

1.0 FTE Washington Management Service Band 02

(Health Economist Research Manager) will perform the following tasks:

- Supervise IT-Journey and ORS in DATA.
- Provide a health economist perspective on draft research proposals, data analyses, meeting materials, and other products developed and released by this program.
- Lead research projects and data analyses for the board program, including reviewing and approving methodology for identifying eligible drugs, upper payment limits, and calculation of savings from the program.
- Provide technical assistance to the board, advisory groups, and general public around research methodology and results.

1.0 FTE Operations Research Specialist

Will perform the following tasks:

- Support drug analyses per year.
- Data queries to retrieve data from databases for analyses.
- Data analyses, including receiving, analyzing, and producing reports for the board and advisory groups.
- This data will include information related to the pricing of the drug, including but not limited to:
 - information on the clinical efficacy, effectiveness, and outcomes of the drug, including clinical information submitted by the manufacturer to the FDA a schedule of the drug's wholesale acquisition cost and cost increase over the previous 5 years information regarding the drugs prices net of rebates internationally, nationally, and in Washington; information to support the manufacturers' pricing of the drug.
 - information on the utilization of the drug in Washington; financial information for the manufacturer in the aggregate and for the drug, using the best information available, including but not limited to:
 - the manufacturer's R&D budget and expenditures, the manufacturers' aggregate, company-level R&D and other relevant capital expenditures, including facility construction for the most recent year for which final audited data are available.

HCA Fiscal Note

Bill Number: 2SSB 5532

HCA Request #: 22-127

- the funding sources for the referred manufacturer's R&D expenditure, including identification of any public funding received; information regarding the referred manufacturer's acquisition cost of the drug if the drug was acquired.
- the manufacturer's manufacturing, production, and distribution budget and expenditures.
- the referred manufacturer's marketing budget and expenditures.
- a written, narrative description, suitable for public release, of factors that contributed to the reported changes in WAC and prices net of rebates during the previous 5 years.
- any additional information the board deems necessary to identify such drug's proposed value and a determination of whether the pricing of a drug is unreasonable or excessive in relation to its value;
- the manufacturer may submit any additional data or information that the manufacturer considers to be pertinent to the board's review, which must be categorized, and stored
- Help provide technical assistance to the board on data.
- Ensure appropriate data governance and stewardship of the data handled by this program managing data intake, storage, and release for the board.

Consulting contract

HCA will also need \$500,000 in consulting dollars the first year to provide assistance in setting up the program and contracting with vendors, and approximately \$250,000 every year going forward for contracting with consultants.

Financial Services will need Actuary work to assistance in designing methodologies.

Actuary Work

HCA will need assistance in designing the methodology for calculating savings and how plans may implement upper payment limits. Modeling and assessing the impacts of upper payment limits, help implement strategies to use the savings to help offset member cost-shares, identify and track dollars saved through upper payment limits and how that money is being used to offset member cost-shares. This work will require \$100,000 per year for actuarial services.

Board Member Compensation

- Compensation per meeting (5 members/6 meetings per year)
- \$1,000 board member compensation
- \$200 Travel expenses
- Total approximately \$36,000 per year

Legal Services will need 1.0 FTEs (LA3) to support the board in rulemaking and legal support during any litigation.

1.0 FTE Legal Assistant 3

Will perform the following tasks:

- Support the board in rulemaking and legal support during any litigation.
- Receive and conducting hearings for appeals for the board.
- Assist in rulemaking, help assist with the appeals section in rulemaking.

HCA Fiscal Note

Bill Number: 2SSB 5532

HCA Request #: 22-127

****If the number of appeals or litigation are a couple per month, a new staff attorney may be necessary to handle this work.**

ETS will need 1.0 FTEs in FY23, 0.5 FTEs in FY24.

Enterprise Technology Services will need 1.0 FTEs to develop a data intake and storage system to support the functions of the PDAB program.

1.0 FTE IT-Journey Data Management

Will perform the following tasks:

- Design, build, and upkeep the data intake infrastructure to support ingestion of record level data into the Enterprise Data Warehouse.
- Maintaining database for board data and coordination with other data sources (i.e., other states, contracted vendors).
- Providing second level data validation to ensure data quality.
- Providing technical assistance for data submitter and answering questions through the board Technical Mailbox.

Goods and services, travel, and equipment are calculated on actual program averages per FTE.

HCA assumes that normal indirect costs associated with this fiscal note will be used for the Legal Assistant 3 position in legal services and IT Journey Data Management in ETS.

The State Attorney General and other agencies will possibly be impacted. HCA staff will need support from an AAG for legal guidance for standing up this program and for any assistance in lawsuits, should they arise.

II. C - Operating Budget Expenditures

Account	Account Title	Type	FY-2022	FY-2023	FY-2024	FY-2025	2021-23	2023-25	2025-27
001-1	General Fund	State	-	1,918,000	1,377,000	1,297,000	1,918,000	2,674,000	2,594,000
Totals			\$ -	\$ 1,918,000	\$ 1,377,000	\$ 1,297,000	\$ 1,918,000	\$ 2,674,000	\$ 2,594,000

II. C - Expenditures by Object Or Purpose

		FY-2022	FY-2023	FY-2024	FY-2025	2021-23	2023-25	2025-27
FTE		0.0	8.0	7.5	7.0	4.0	7.3	7.0
A	Salaries and Wages	-	710,000	659,000	608,000	710,000	1,267,000	1,216,000
B	Employee Benefits	-	262,000	244,000	226,000	262,000	470,000	452,000
C	Professional Service Contracts	-	780,000	380,000	380,000	780,000	760,000	760,000
E	Goods and Other Services	-	72,000	72,000	63,000	72,000	135,000	126,000
G	Travel	-	14,000	14,000	13,000	14,000	27,000	26,000
J	Capital Outlays	-	80,000	8,000	7,000	80,000	15,000	14,000
Totals		\$ -	\$ 1,918,000	\$ 1,377,000	\$ 1,297,000	\$ 1,918,000	\$ 2,674,000	\$ 2,594,000

II. C - Operating FTE Detail: List FTEs by classification and corresponding annual compensation.

Job title	Salary	FY-2022	FY-2023	FY-2024	FY-2025	2021-23	2023-25	2025-27
ADMINISTRATIVE ASSISTANT 3	49,000	0.0	1.0	1.0	1.0	0.5	1.0	1.0
IT DATA MANAGEMENT - JOURNEY	102,000	0.0	1.0	0.5	0.0	0.5	0.3	0.0
LEGAL ASSISTANT 3	55,000	0.0	1.0	1.0	1.0	0.5	1.0	1.0
MEDICAL ASSISTANCE PROGRAM SPECIALIST 3	81,000	0.0	2.0	2.0	2.0	1.0	2.0	2.0
OPERATIONS RESEARCH SPECIALIST	98,000	0.0	1.0	1.0	1.0	0.5	1.0	1.0
WMS BAND 02	115,000	0.0	1.0	1.0	1.0	0.5	1.0	1.0
WMS BAND 03	129,000	0.0	1.0	1.0	1.0	0.5	1.0	1.0
Totals		0.0	8.0	7.5	7.0	4.0	7.3	7.0

HCA Fiscal Note

Bill Number: 2SSB 5532

HCA Request #: 22-127

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

Sec. 9 allows HCA to adopt new rules if required.

Individual State Agency Fiscal Note

Bill Number: 5532 2S SB	Title: Rx drug affordability board	Agency: 110-Office of Administrative Hearings
--------------------------------	---	--

Part I: Estimates

☒ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact . Factors impacting the precision of these estimates , and alternate ranges (if appropriate) , are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☐ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia , complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia , complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Sandy Stith	Phone: 786-7710	Date: 02/08/2022
Agency Preparation: Pete Boeckel	Phone: 360-407-2730	Date: 02/10/2022
Agency Approval: Deborah Feinstein	Phone: 360-407-2717	Date: 02/10/2022
OFM Review: Tyler Lentz	Phone: (360) 790-0055	Date: 02/10/2022

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency .

No fiscal impact. This legislation will not measurably increase the appeal workload for the Office of Administrative Hearings.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates . Distinguish between one time and ongoing functions .

None.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

None.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: List FTEs by classification and corresponding annual compensation . Totals need to agree with total FTEs in Part I and Part IIIA

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

IV. D - Capital FTE Detail: *List FTEs by classification and corresponding annual compensation . Totals need to agree with total FTEs in Part IVB*

NONE

Part V: New Rule Making Required

Department of Revenue Fiscal Note

Bill Number: 5532 2S SB	Title: Rx drug affordability board	Agency: 140-Department of Revenue
--------------------------------	---	--

Part I: Estimates

☒ **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact . Factors impacting the precision of these estimates , and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☐ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia , complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia , complete this page only (Part I).
- ☒ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Sandy Stith	Phone: 86-7710	Date: 02/08/2022
Agency Preparation: Erin Valz	Phone: 60-534-1522	Date: 02/16/2022
Agency Approval: Don Gutmann	Phone: 60-534-1510	Date: 02/16/2022
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 02/16/2022

Request # 5532-2-1

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe, by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Note: This fiscal note reflects language in 2SSB 5532, 2022 Legislative Session.

COMPARISON OF THE SUBSTITUTE BILL WITH THE ORIGINAL:

As it affects the Department of Revenue (Department), the second substitute bill removes the Department from imposing a penalty on the increased revenue resulting from the price increase on drugs.

This bill establishes a prescription drug affordability board.

EFFECTIVE DATE:

The bill takes effect 90 days after final adjournment of the session in which it is enacted.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

This legislation results in no revenue impact to taxes administered by the Department.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing

The Department of Revenue will not incur any costs with the implementation of this legislation.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

NONE

III. B - Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

NONE

III. C - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

None.

Part V: New Rule Making Required

Individual State Agency Fiscal Note

Bill Number: 5532 2S SB	Title: Rx drug affordability board	Agency: 160-Office of Insurance Commissioner
--------------------------------	---	---

Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	0.0	0.2	0.1	0.0	0.0
Account					
Insurance Commissioners Regulatory Account-State 138-1	0	31,265	31,265	0	0
Total \$	0	31,265	31,265	0	0

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact . Factors impacting the precision of these estimates , and alternate ranges (if appropriate) , are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☐ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia , complete entire fiscal note form Parts I-V.
- ☒ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia , complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☒ Requires new rule making, complete Part V.

Legislative Contact: Sandy Stith	Phone: 786-7710	Date: 02/08/2022
Agency Preparation: Barb Jones	Phone: 360-725-7041	Date: 02/10/2022
Agency Approval: Michael Wood	Phone: 360-725-7007	Date: 02/10/2022
OFM Review: Jason Brown	Phone: (360) 742-7277	Date: 02/14/2022

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency .

Section 9(1), for health plans issued or renewed on or after January 1, 2024, if the prescription drug affordability board establishes an upper payment limit for a prescription drug pursuant to section 5, requires a carrier's compensation agreements to provide sufficient information, as determined by the commissioner, to indicate that reimbursement for a claim for that prescription drug will not exceed the upper payment limit for the drug established by the board.

Section 9(2) authorizes the Office of Insurance Commissioner to adopt any rules necessary to implement this section.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates . Distinguish between one time and ongoing functions .

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Section 9(1), for health plans issued or renewed on or after January 1, 2024, if the prescription drug affordability board establishes an upper payment limit for a prescription drug pursuant to section 5, requires a carrier's compensation agreements to provide sufficient information, as determined by the commissioner, to indicate that reimbursement for a claim for that prescription drug will not exceed the upper payment limit for the drug established by the board.

Section 9(2) authorizes the Office of Insurance Commissioner to adopt any rules necessary to implement this section. ‘Normal’ rulemaking, in FY2023, will be required.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2022	FY 2023	2021-23	2023-25	2025-27
138-1	Insurance Commissioners Regulatory Account	State	0	31,265	31,265	0	0
Total \$			0	31,265	31,265	0	0

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years		0.2	0.1		
A-Salaries and Wages		18,919	18,919		
B-Employee Benefits		6,093	6,093		
C-Professional Service Contracts					
E-Goods and Other Services		6,253	6,253		
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	31,265	31,265	0	0

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation . Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2022	FY 2023	2021-23	2023-25	2025-27
Functional Program Analyst 4	78,408		0.1	0.0		
Senior Policy Analyst	99,996		0.2	0.1		
Total FTEs			0.2	0.1		0.0

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

IV. D - Capital FTE Detail: *List FTEs by classification and corresponding annual compensation . Totals need to agree with total FTEs in Part IVB*

NONE

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules .

Section 9(1), for health plans issued or renewed on or after January 1, 2024, if the prescription drug affordability board establishes an upper payment limit for a prescription drug pursuant to section 5, requires a carrier's compensation agreements to provide sufficient information, as determined by the commissioner, to indicate that reimbursement for a claim for that prescription drug will not exceed the upper payment limit for the drug established by the board. 'Normal' rulemaking, in FY2023, will be required to amend the existing prescription drug benefits rule.