

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 137 – SB 429

March 10, 2017

SUMMARY OF BILL: Deletes the *Nina Norman Prescription Drug Donation Act of 2006*. Establishes a voluntary prescription drug donation repository program in which any person can donate prescription drugs and supplies for use by an individual who meets eligibility criteria specified by the Board of Pharmacy (Board). Authorizes the Board to contract with a third party to implement and administer the program. Authorizes a medical facility or pharmacy to charge an individual a handling fee not to exceed an amount established by the Department of Health (DOH). Requires the Board to adopt rules establishing requirements, standards, and procedures for accepting and dispensing donated prescription drugs. Requires the Board to establish eligibility criteria that will prioritize dispensing to indigent and uninsured individuals. Effective date is January 1, 2017.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$4,300/One-Time
\$367,200/Recurring**

Assumptions:

- The proposed legislation expands the number of facilities that may participate in the drug donation program.
- Based on information provided by the DOH, the Department will contract with a third party vendor in order to establish the program. The type of donation, tracking, and drug management system required by the proposed legislation is outside of the licensure and regulatory duties of the Board of Pharmacy. The recurring increase in state expenditures associated with contracting with a third party company to establish the program is estimated to be \$300,000.
- The DOH will need an Administrative Services Assistant 3 to administer the program in conjunction with the third party vendor.
- The one-time increase in state expenditures associated with the position is estimated to be \$4,300 (\$1,600 computer cost + \$2,700 office furniture).
- The recurring increase in expenditures associated with the position is estimated to be \$67,194 (\$43,200 salary + \$14,094 benefits + 7,900 administrative cost + \$1,400 communications + 600 supplies).
- The total recurring increase in expenditures is estimated to be \$367,194 (\$300,000 + \$67,194).

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- The Board of Pharmacy will promulgate rules about drug donations from donor patients and rules to establish specific requirements to qualify for participation in the program.
- Necessary rulemaking will be accomplished during regularly-scheduled meetings and will not result in a significant increase in expenditures.
- Pursuant to Tenn. Code Ann. § 4-29-121, all health related boards are required to be self-supporting over a two-year period. The Board of Pharmacy had an annual surplus of \$284,085 in FY14-15, an annual surplus of \$885,058 in FY15-16, and a cumulative reserve balance of \$2,236,772 on June 30, 2016.

IMPACT TO COMMERCE:

Increase Business Revenue - \$300,000/Recurring

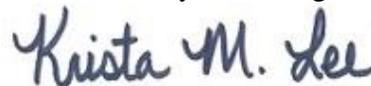
Increase Business Expenditures – Less than \$300,000/Recurring

Assumptions:

- The third party vendor would experience a recurring increase of \$300,000 in business revenue for contracted services and a recurring increase in business expenditures for providing such services. It is assumed the third party vendor will incur recurring expenses less than the recurring revenues in order for the company to remain solvent and profitable.
- The proposed legislation is meant to provide donated prescription drugs and supplies to individuals who are indigent or uninsured.
- It is assumed that indigent or uninsured individuals currently work with patient assistance programs administered by pharmaceutical companies to realize prescription savings or go without their medications; therefore, it is estimated pharmaceutical companies will not experience a significant decrease in revenue or increase in expenditures.
- The impact on jobs in Tennessee is estimated to be not significant because staff at the qualifying medical facilities will handle the drug donations.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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