FISCAL NOTE

This bill contains appropriations totaling $439,000 from revenue authorized in W.S. 26-2-204 to the Dept. of Insurance. These appropriations are effective immediately.

This bill contains authorizations of 1 full-time position and 1 at-will contract position.

DETAIL OF APPROPRIATION
Agency #: 044 Agency Name: Insurance Department
Unit: (new) Pharmacy Benefit Managers

EXPENDITURE BY SERIES AND YEAR	**FY 2023**	**FY 2024**	**FY 2025**
0100 Personnel/Benefit Costs	$37,800	$151,200	$0
0900 Contractual Services Costs	$50,000	$200,000	$0
Total Expenditure Per Year:	$87,800	$351,200	$0

Grand Total Expenditure:	$439,000
Total Appropriated to Agency:	$439,000
Total Appropriated by Fund:	
SPECIAL REVENUE FUND	$189,000
SPECIAL REVENUE FUND	$250,000

Description of appropriation:

The Dept. of Insurance (DOI) will expend $189,000 to hire 1 full-time permanent employee and 1 at-will employee. The at-will employee will be hired for one year.

The $250,000 will be expended on contractual service costs to hire experts to train employees to receive, investigate, and adjudicate complaints. They will design the complaint forms and an electronic submission method. They will draft rules and develop exam procedures and conduct exams as necessary. They will also review reports submitted pursuant to W.S. 26-52-105(a). It is assumed that this funding will be sufficient to address 200 complaints per year. If there are substantially more complaints, more funding will be needed.

	FY 2024	**FY 2025**	**FY 2026**
NON-ADMINISTRATIVE IMPACT			
Anticipated Revenue (decrease)			
EMPLOYEE HEALTH INSURANCE	($16,500,000)	($20,100,000)	($21,200,000)

Source of revenue (decrease):

Decrease in rebate revenue from bill requirement of an open formulary

Decrease in coupon revenue from elimination of coupon program

Assumptions:

Page 6 of the bill would prohibit a pharmacy benefit manager from providing "financial or other incentives for the use of a specific name brand prescription drug for any reason." The Employees Group Insurance Program (EGI) recently switched to, and currently utilizes a restricted formulary, which provides financial incentives for the use of specific name brand prescription drugs. According to the EGI, page 6 would require the use of an open formulary, which would substantially reduce rebate revenues to the program. This revenue decrease is estimated by the EGI at approximately $16.5 million in FY 2024, $17.5 million in FY 2025 and $18.5 million in FY 2026. A 6 percent trend factor is assumed.

According to the EGI, Section 4 of the bill would eliminate EGI's current pharmaceutical manufacturer's coupon program by removing mandatory specialty medication mail order services. The EGI anticipates that this would decrease coupon program revenues by an approximately $2.6 million in FY 2025 and $2.7 million in FY 2026. Section 4 is effective July 1, 2024 (FY 2025).

	FY 2024	**FY 2025**	**FY 2026**
NON-ADMINISTRATIVE IMPACT			
Anticipated Expenditure increase/(decrease)			
EMPLOYEE HEALTH INSURANCE	$8,000,000	$8,400,000	$8,700,000

Source of expenditure increase:

Increased expenditures from an increase in drug acquisition costs

Increased expenditures from an increase in dispensing fees

Assumptions:

According to the EGI, moving from current negotiated contract level drug costs to national average (retail) drug acquisition costs is expected to increase the EGI program expenditures by approximately 10 percent above current levels. The EGI estimates this will increase program expenditures by approximately $5.3 million in FY 2024, $5.7 million in FY 2025 and $6.0 million in FY 2026. A 6 percent trend factor is assumed.

According to the EGI, moving to the national average for pharmacist services would increase EGI program costs for dispensing fees by approximately $2.7 million per year in FY 2024, FY 2025 and FY 2026.

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