BDR 38-206
SB 244

EXECUTIVE AGENCY

FISCAL NOTE

AGENCY'S ESTIMATES

Date Prepared: March 9, 2025

Agency Submitting: Department of Health and Human Services, Health Care Financing and Policy

Items of Revenue or Expense, or Both	Fiscal Year 2024-25	Fiscal Year 2025-26	Fiscal Year 2026-27	Effect on Future Biennia
Medical Services (Expense) (Expense)		$78,031,249	$82,713,124	$165,426,248
Actuarial Expense (Expense) (Expense)		$375,000		
Systems Cost (MMIS) (Expense) (Expense)		$61,600		
Total	0	$78,467,849	$82,713,124	$165,426,248

Explanation (Use Additional Sheets of Attachments, if required)

If enacted, this bill would have a fiscal impact on the Division. Specifically, the bill would require the Division to expand coverage to include FDA approved prescription drugs for chronic weight management. Additionally, it requires notification to Medicaid recipients when these new benefits become available.

Based on a fiscal analysis by DHCFP, the bill would result in a total of $64,503,729 in new General Fund expenditures in the upcoming biennium. A portion of these expenditures would be used to fund system-related changes for the expanded coverage, as well as actuarial costs to make managed care capitation rate adjustments. This fiscal analysis assumes that 7% of the treatment population, non-diabetic Medicaid recipients without select cardiovascular risk who are eligible for GLP-1 weight management agents, will utilize such prescription drugs if available in Medicaid. It is important to note that the timing of rebate funds is critical to avoid cash flow challenges for the Division given the high costs of these drugs. Based on experience, drug rebate savings are expected to apply to the fourth quarter each SFY. Note this model does not account for how uptake may fluctuate over time, as well as other considerations for the drug pipeline, such as new drugs or existing drugs with added weight management FDA approvals. This fiscal note reflects such rebates.

In sum, the addition of weight management prescription drug coverage would result in $64,503,729 in new General Fund costs for Medicaid for FY26/27. Additionally, $96,677,243 would be paid for with federal Title XIX funds in the FY 26-27 biennium.

Name Stacie Weeks

Title Administrator

GOVERNOR'S OFFICE OF FINANCE COMMENTS

Date Friday, March 07, 2025

The agency's response appears reasonable.

Name Tiffany Greenameyyer

Title Director

Fiscal Impact Analysis

Division of Health Care Financing and Policy
SB244
Analysis Summary

Estimated Fiscal Impact FY24-FY25 Biennium

State Fiscal Year	Total Computable	Federal Funds	General Fund	County Funds
FY24	$0	$0	$0	$0
FY25	$0	$0	$0	$0
Total	$0	$0	$0	$0

Estimated Fiscal Impact FY26-FY27 Biennium

State Fiscal Year	Total Computable	Federal Funds	General Fund	County Funds
FY26	$78,031,249	$46,818,749	$31,212,499	$0
FY27	$82,713,124	$49,627,874	$33,085,250	$0
Total	$160,744,373	$96,446,623	$64,297,749	$0

Description of MCO Costs
This fiscal analysis is estimating the costs associated with expanding coverage to include FDA approved prescription drugs for chronic weight management.

Methodology

1) Utilizing current population statistics, the total population of non-diabetic Medicaid recipients, without cardiovascular risk, that are eligible for GLP-1 weight management agents, was calculated. Then the assumption was made that 7% of this total population would utilize such prescription drugs and would, therefore, make up the treatment population for which this fiscal was calculated.

2) The total computable cost was then calculated utilizing a weighted average cost of all GLP-1 prescription drugs currently FDA approved for weight management. The total cost for FY27 was that of FY26 grown forward by 6% to account for drug inflation, as recommended by actuarial analysts.
FY26: $101,471,064
FY27: $107,559,327

3) As these prescription drugs participate in the Medicaid Drug Rebate Program, the minimum innovator drug calculation of 23.1% in federal drug rebates was utilized to calculate savings. Total computable savings are indicated below, non-inclusive of state and federal share.
FY26: ($23,439,815)
FY27: ($24,846,204)

4) The assumption of 60% federal financial participation was applied across the entire treatment population.