

# Fiscal Note 2027 Biennium

Bill#/Title: HB061	10.02 (001): Revise preauthor	rization laws rela	ting to healthcare		
Primary Sponsor: Kerri S	Seekins-Crowe	Status:	As Amended in Ho	use Committee	
☐ Included in the Executive Budget ☐ Needs to be included		ed in HB 2	☐ Significant Local Gov Impact		
☐ Significant Long-Term Impa	acts     Technical Concerns	☑ Technical Concerns		☐ Dedicated Revenue Form Attached	
	FISCAL S	UMMARY			
	FY 2026 Difference	FY 2027 Difference	FY 2028 Difference	FY 2029 Difference	
Expenditures	A CONTRACTOR OF THE CONTRACTOR				
General Fund (01)	\$4,872,084	\$5,263,880	\$5,669,443	\$6,106,274	
Federal Special Revenue (	03) \$13,432,911	\$14,451,596	\$15,565,035	\$16,764,324	
Revenues					
General Fund (01)	\$0	\$0	\$0	\$0	
Federal Special Revenue (0	03) \$13,432,911	\$14,451,596	\$15,565,035	\$16,764,324	
Net Impact	(\$4,872,084)	(\$5,263,880)	(\$5,669,443)	(\$6,106,274)	
General Fund Balance					

### Description of fiscal impact

HB 610 as amended prohibits the department from requiring prior authorization on any Food and Drug Administration (FDA) approved antipsychotic, when used for its approved indication, for members aged 18 and older.

## FISCAL ANALYSIS

### Assumptions

#### Department of Public Health and Human Services (department)

- 1. HB 610 is effective 30 days after this act is passed and approved.
- 2. For purposes of this fiscal note, the department assumes implementation on July 1, 2025.
- 3. Total scripts and current per script costs were calculated using Montana Medicaid claims for FY 2024 for participants 18 years of age or older and only include the drug class for antipsychotics.
- 4. According to Medicaid regulations, the drug rebate percentage is typically higher for brand-name drugs (around 23.1% of the average manufacturer price (AMP)) compared to generic drugs, which usually have a rebate rate of around 13% of the AMP; meaning, a preferred brand-name drug would generally have a higher rebate percentage than a generic drug. Actual drug rebate amounts are confidential and vary by drug. The department estimated all drug rebates using these percentages.
- 5. The department manages program costs through the Preferred Drug List (PDL) and supplemental rebates. A drugs position on the PDL strengthens the state's negotiating position with drug manufacturers, securing additional rebates beyond those required by the federal Medicaid drug rebate program. Montana leverages National Medicaid Pooling Initiative (NMPI), a Medicaid multistate purchasing pool, to negotiate higher rebates and lower net cost to the state. When a drug class is removed from the PDL, pharmaceutical

# Fiscal Note Request - As Amended in House Committee

(continued)

- manufacturers typically stop offering supplemental rebates. For the purpose of this fiscal analysis the amount of supplemental rebate for FY 2026 through FY 2029 is assumed to be \$0.00.
- 6. The department utilized Michigan Medicaid's drug rebate utilization files to calculate the market basket shift due to HB 610. Michigan Medicaid has open access to antipsychotics. The available files are for FY 2024. The Michigan data was filtered to only include Fee for Service Utilization (FFSU). The market shift increases the per script cost by 139.2% equating to a FY 2026 per script cost of \$394.90. See technical note #1.
- 7. For purposes of the fiscal note, a 1.0% script volume growth was applied to the total scripts for FY 2026 through FY 2029.
- 8. For purposes of the fiscal note, a 6.64% inflationary increase was applied to the per script costs for FY 2026 through FY 2029.
- 9. Drug rebates for the Children's Health Insurance Program (CHIP) are voluntary. The department assumed \$0.00 in drug rebates for the eligibility group.
- 10. The eligibility breakdown utilized for the total impact was calculated using FY 2024 Montana Medicaid antipsychotic drug claims data for members aged 18 years or older.
- 11. The department assumes the standard Medicaid benefit costs will be eligible for standard Medicaid Federal Medical Assistance Percentage (FMAP) (38.39% general fund and 61.61% federal funds in FY 2026 and 38.53% general fund and 61.47% federal funds in FY 2027 FY 2029); the Medicaid expansion benefit costs will be eligible for the expansion FMAP (10% general fund and 90.00% federal funds in FY 2026 FY 2029); the CHIP benefit costs will be eligible for the CHIP FMAP (73.19% federal funds in FY 2026 and 26.97% general fund and 73.03% federal funds in FY 2027 FY 2029); and prescriptions distributed by an Indian Health Service and tribal 638 services pharmacy are eligible for 100% federal reimbursement.

HB 610 - AN ACT REVISING PREAUTHORIZATION LAWS; PROVIDING DIRECTION TO THE DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES TO NOT REQUIREAUTHORIZATION FOR CERTAIN ANTIPSYCHOTIC DRUGS

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	FY 2026	FY 2027	FY 2028	FY 2029
Prior to HB 610 Changes				
Total Count of Antipsychotic Scripts	86,159	87,021	87,891	88,770
Average Cost/Script	165.09	176.05	187.74	200.20
Gross Pre-Rebate Cost	14,224,048	15,320,068	16,500,423	17,771,781
Drug Rebates	(2,728,781)	(2,939,031)	(3,165,480)	(3,409,377
Supplemental Rebates	(2,467,321)	(2,657,425)	(2,862,177)	(3,082,705
Net Cost Before HB 610	9,027,946	9,723,612	10,472,766	11,279,699
Total Count of Antipsychotic Scripts	86,159	87,021	87,891	88,770
Average Cost/Script for Open Access	394.90	421.12	449.07	478.88
Gross Pre-Rebate Cost	34,024,188	36,645,888	39,469,321	42,510,433
Drug Rebates	(6,691,247)	(7,206,800)	(7,762,076)	(8,360,136
Supplemental Rebates	-	- '	-	
Net Cost with HB 610	27,332,941	29,439,088	31,707,245	34,150,297
Estimated Impact due to HB 610	18,304,995	19,715,476	21,234,478	22,870,598
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Impact by Eligibility Group				
Standard Medicaid	10,848,786	11,684,727	12,584,994	13,554,668
Medicaid Expansion	7,035,135	7,577,230	8,161,023	8,789,832
CHIP	13,881	14,951	16,102	17,343
IHS/Tribal Pharmacies	407,193	438,570	472,359	508,755
FMAPs				
State - Standard Medicaid	38.39%	38.53%	38.53%	38.53%
Federal - Standard Medicaid	61.61%	61.47%	61.47%	61.47%
State - Medicaid Expansion	10.00%	10.00%	10.00%	10.00%
Federal - Medicaid Expansion	90.00%	90.00%	90.00%	90.00%
State - CHIP	26.81%	26.97%	26.97%	26.97%
Federal - CHIP	73.19%	73.03%	73.03%	73.03%
State - IHS/Tribal Pharmacies	0.00%	0.00%	0.00%	0.00%
Federal - IHS/Tribal Pharmacies	100.00%	100.00%	100.00%	100.00%
FUNDING	20010070			
State - Standard Medicaid	4,164,849	4,502,125	4,848,998	5,222,613
Federal - Standard Medicaid	6,683,937	7,182,601	7,735,996	8,332,054
State - Medicaid Expansion	703,513	757,723	816,102	878,983
Federal - Medicaid Expansion	6,331,621	6,819,507	7,344,920	7,910,849
State - CHIP	3,721	4,032	4,343	4,677
Federal - CHIP			11,760	12,666
State - IHS/Tribal Pharmacies	10,159	10,918	11,700	12,000
Federal - IHS/Tribal Pharmacies	407 102	420 570	472 250	508,755
State - Total	407,193	438,570	472,359	
	4,872,084	5,263,880	5,669,443	6,106,274
Federal - Total	13,432,911	14,451,596	15,565,035	16,764,324
TOTAL IMPACT	18,304,995	19,715,476	21,234,478	22,870,598

# Fiscal Analysis Table

Department of Public Health and	d Human Services			
	FY 2026 Difference	FY 2027 Difference	FY 2028 Difference	FY 2029 Difference
Fiscal Impact	Y			
Expenditures	2			
Benefits	\$18,304,995	\$19,715,476	\$21,234,478	\$22,870,598
<b>TOTAL Expenditures</b>	\$18,304,995	\$19,715,476	\$21,234,478	\$22,870,598
Funding of Expenditures				
General Fund (01)	\$4,872,084	\$5,263,880	\$5,669,443	\$6,106,274
Federal Special Revenue (03)	\$13,432,911	\$14,451,596	\$15,565,035	\$16,764,324
TOTAL Funding of	\$18,304,995	\$19,715,476	\$21,234,478	\$22,870,598
Expenditures				
Revenues				
Federal Special Revenue (03)	\$13,432,911	\$14,451,596	\$15,565,035	\$16,764,324
TOTAL Revenues	\$13,432,911	\$14,451,596	\$15,565,035	\$16,764,324
Net Impact to Fund Balance (Re	venue minus Funding	of Expenditures)		
General Fund (01)	(\$4,872,084)	(\$5,263,880)	(\$5,669,443)	(\$6,106,274)
Federal Special Revenue (03)	\$0	\$0	\$0	\$0
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### **Technical Concerns**

- 1. Open access will result in a market shift within the antipsychotic drug class. Some participants will shift from preferred drugs to non-preferred drugs. This shift will result in an increased average cost per script because non-preferred drugs have a higher net of rebate cost than the preferred alternative, equating to an increase of \$18,304,995 in total net expenditures for FY 2026.
- 2. FDA approved rebate eligible medications are covered by Montana Medicaid.

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Sponsor's Initials	Date	Budget Director's Initials	Date	