

March 25, 2019

The Honorable Gene Suellentrop, Chairperson
Senate Committee on Public Health and Welfare
Statehouse, Room 441-E
Topeka, Kansas 66612

Dear Senator Suellentrop:

SUBJECT: Fiscal Note for SB 231 by Senate Committee on Ways and Means

In accordance with KSA 75-3715a, the following fiscal note concerning SB 231 is respectfully submitted to your committee.

Currently, all funds received by the Kansas Department of Health and Environment (KDHE) for drug rebates associated with medical assistance enrollees are deposited in the Medical Programs Fee Fund. SB 231 would require that all funds received by the KDHE for drug rebates associated with medical assistance enrollees to be deposited in the State General Fund. KDHE would be required to certify the amount of monies collected for drug rebates and provide certification to the Directors of the Kansas Legislative Research Department and the Division of the Budget.

Estimated State Fiscal Effect				
	FY 2019 SGF	FY 2019 All Funds	FY 2020 SGF	FY 2020 All Funds
Revenue	--	--	\$85,000,000	--
Expenditure	--	--	\$85,000,000	--
FTE Pos.	--	--	--	--

KDHE indicates that SB 231 would require a shift of expenditures from the Medical Programs Fee Fund to the State General Fund, as the agency would no longer deposit the drug rebates into the fee fund. If KDHE receives a State General Fund appropriation to replace the fee fund revenue, there would be no fiscal effect on expenditures of the agency. Drug rebates received

by KDHE for FY 2018 totaled \$84.2 million. The agency estimates there would be \$85.0 million in revenue from drug rebates for FY 2020. Any fiscal effect associated with SB 231 is not reflected in *The FY 2020 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "L. L. Campbell". The signature is fluid and cursive, with the first name "L." and last name "Campbell" clearly visible.

Larry L. Campbell
Director of the Budget

cc: Dan Thimmesch, Health & Environment