



OHIO LEGISLATIVE SERVICE COMMISSION

Robert Meeker

Fiscal Note & Local Impact Statement

Bill: H.B. 505 of the 131st G.A. **Date:** December 1, 2016
Status: As Reported by Senate Health & Human Services **Sponsor:** Reps. Huffman and Pelanda

Local Impact Statement Procedure Required: No

Contents: Biological products, physician assistant supervision agreements, health insuring corporations

State Fiscal Highlights

- Violations of the bill's prohibited conduct by pharmacists may generate a negligible amount of locally collected court cost revenue annually for deposit into the Indigent Defense Support Fund (Fund 5DY0) and the Victims of Crime/Reparations Fund (Fund 4020).

Local Fiscal Highlights

- Pharmacists will generally comply with the bill's prohibition, making violations infrequent. It is likely that revenues collected from violators (fines, court costs, and fees) will offset to some degree the costs that counties and municipalities incur to process minor misdemeanors.

Detailed Fiscal Analysis

Biological products

The bill amends Ohio's Pure Food and Drug Law and its Pharmacy Law to authorize a pharmacist to substitute an interchangeable biological product for a prescribed biological product under circumstances and conditions similar to those governing substitution of a generic drug for a prescribed drug under current law.

Failure to comply with the law governing generic drug substitution is a minor misdemeanor under current law. As pharmacists generally will comply with the bill's requirements, violations are going to be relatively infrequent.

Under current law, unchanged by the bill, law enforcement can only issue a citation for a minor misdemeanor; the person being cited generally cannot be arrested. If the person pays the associated fine of up \$150, court costs, and fees, that person is in effect pleading guilty and waiving the requirement that they make a court appearance.

The amount of locally collected state court costs that might be forwarded to the state treasury annually is likely to be negligible. The state court costs for a misdemeanor conviction generally total \$29, with \$20 of that amount being deposited in the state treasury to the credit of the Indigent Defense Support Fund (Fund 5DY0) and the remainder, or \$9, being credited to the Victims of Crime/Reparations Fund (Fund 4020).

The time and cost for a municipal or county court to process a minor misdemeanor is relatively low, with most persons cited typically opting to pay the fine, court costs, and fees, and waive a court appearance. This likely means that in many cases the fine, court costs, and fees collected will offset some, if not all, of the cost associated with processing citations.

Physician assistant supervision agreements

The bill delays the expiration of certain physician assistant supervision agreements between physicians and physician assistants from January 31, 2017 to February 1, 2018. In addition, this provision has an emergency clause. According to the State Medical Board, the Board is currently in the process of building an electronic licensing system. However, the system is not ready at this time for these agreements to be submitted electronically. The delay will allow the system to be completed and the agreements to be submitted electronically. The Board anticipates no fiscal impact as a result of this provision.

Health insuring corporations

The bill exempts health insuring corporations (HICs) solely covering individuals under the federal employees health benefits program from specified application review by the Superintendent of Insurance before operating an insurance business in Ohio. This puts such HICs on the same basis as current law for HICs that cover solely Medicaid or solely Medicare participants (or solely both). The bill allows substitutions of an interchangeable biological product for a drug that received prior authorization without violating prior authorization laws. This applied to HICs and other health insurers. The bill revises the deadlines related to prior authorization requirements with which health insurers must comply.¹ These provisions have no direct fiscal effect on the state and local governments.

¹ Prior authorization requirements were enacted under S.B. 129 of the 131st General Assembly.