The Big Sky Country

MONTANA HOUSE OF REPRESENTATIVES

SPONSOR'S REBUTTAL TO FISCAL NOTE

House Bill Number: HB 610

Date Requested: 3/4/25
(4 day turnaround per Joint Rule 40-110)

Fiscal Note version: Original____ Revised____

Short Title: Revise pre-authorization laws relating to healthcare

Sponsor: SeeKins-Crowe

Generally, why do you disagree with the fiscal note?

See attached

Specifically, what in the fiscal note do you feel is flawed?

What is your estimate of the fiscal impact?

Sponsor Signature: _____

Fiscal Rebuttal – HB 610

Rep. Kerri Seekins-Crowe

Background

The Fiscal Note that was most recently compiled by the Montana Department of Public Health and Human Services (DPHHS) is Fiscal Note HB0610_2. The original Fiscal Note prepared for the House Business & Labor Committee hearing showed a cost of $0 due to concerns of definitions in the original bill as introduced. After working with the Department, an amendment was prepared to clarify definitions and the amended bill passed the committee unanimously 20-0. The amendment does not change the intent of the original bill. The purpose of the bill is to provide timely treatment for Medicaid patients aged 18 and older suffering from psychosis by removing the administrative burden of prior authorization when the antipsychotic medications are used as indicated by the U.S. Food and Drug Administration (FDA) for patients diagnosed with schizophrenia or bipolar disorder.

The Fiscal Note is Not Based on Montana's Reality – Nor What the Legislation Actually Does

The Department does not indicate how many dollars in claims that it denied in recent fiscal years to treat the disorders defined in the bill. ***This would be a reasonable way to estimate fiscal impact moving forward, even accounting for a slight increase in claims as well as inflationary adjustment, because the only cost associated with removing prior authorization requirements is the cost of covering drugs that would otherwise have been denied previously***. Instead, it appears that the Department used data from Michigan – which has even more robust open access that includes medication to treat all Severe Mental Illness (SMI) as well as Substance Use Disorders (SUD) – resulting in a dramatic Fiscal Note. HB 610 only applies to antipsychotics prescribed as indicated for schizophrenia and bipolar disorder, not other medications Michigan covers such as for anxiety and postpartum and major depression.

As a result, ***the Fiscal Note assumes an unrealistic $230 average cost increase per prescription***. That's more than double the cost at present, and it includes the cost of expensive branded products that are not intended for coverage under HB 610. As such, this Fiscal Note is wildly inaccurate and does not adequately express the far more limited fiscal impact of the policy change that HB 610 enacts.

The Fiscal Note Does Not Align with Other, Larger States' Experience

Colorado is home to 1.1 million Medicaid and CHIP patients. When the Legislature there considered a similar bill, the Fiscal Note came in at a cost of $2.8 million to the General Fund in the third year – and, like Michigan, that bill also included medications treating anxiety, postpartum and major depressive disorder, which are not intended to be covered in HB 610.

As of November 2024, Montana had 217,000 Medicaid and CHIP patients. Of those, 80,500 are Medicaid children, who would not be eligible under HB 610, and there are another 15,000 Healthy Montana Kids (or CHIP) patients. So the total number of Medicaid and Medicaid Expansion adults eligible for coverage under HB 610 is roughly 121,000 patients, yet the Department claims a $6.1 million hit to the General Fund in the fourth year. It also assumes that, by FY 2029, 88,770 prescriptions would be issued. This seems difficult to square with the numbers from Colorado, given the significantly higher Medicaid population there. Please compare the Fiscal Note from the Colorado bill (labeled Table 1 below) with the Fiscal Note for HB 610.

Colorado Fiscal Note:

Table 1
State Fiscal Impacts Under SB 23-033

		Budget Year FY 2023-24	Out Year FY 2024-25	Out Year FY 2025-26
Revenue		-	-	-
Expenditures	General Fund	$2,335,002	$2,557,570	$2,801,407
	Cash Funds	$585,061	$640,967	$702,213
	Federal Funds	$6,843,925	$7,497,337	$8,213,185
	Total Expenditures	**$9,763,988**	**$10,695,874**	**$11,716,805**
Transfers		-	-	-
Other Budget Impacts	General Fund Reserve	$350,250	$383,636	$420,211

Montana HB 610 Fiscal Note:

FISCAL SUMMARY

	FY 2026 Difference	FY 2027 Difference	FY 2028 Difference	FY 2029 Difference
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
Revenues				
General Fund (01)	$0	$0	$0	$0
Federal Special Revenue (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				

The Fiscal Note Does Not Account for the Societal Savings of Timely Treatment

While the Fiscal Note shows a dollar cost to the General Fund, what it fails to account for is the taxpayer dollars saved from reduced hospitalization and incarceration of Medicaid patients who are not required to wait for treatment. Schizophrenia is the 15th leading cause of disability worldwide. The estimated cost of illness was over $280 billion in 2020. Over 380,000 Emergency Department visits annually involved adults with schizophrenia, and about 50% of these visits led to hospitalization. Sadly, suicide is the largest reason for decreased life expectancy in individuals affected by schizophrenia.

Prior authorization requirements for antipsychotics are associated with a 22% increase in the likelihood of imprisonment. Patients with schizophrenia subject to restrictions like prior authorization were more likely to be hospitalized with 23% higher inpatient costs. Similar effects were observed for patients with bipolar disorder. And patients who discontinued or temporarily stopped taking their medications because of prescription drug coverage, utilization management, or copayment issues also had 3.2 times greater odds of being homeless.

When prior authorization prevents timely treatment, patients lose trust in providers and stop seeking care. Psychiatrists are also less likely to prescribe medication when they fear delay or denial from prior authorization. Eighty-four percent of psychiatrists responded to a recent survey that prior authorization had a negative effect on patient care, while 86 percent said prior authorization adversely affected the quality of patient care.

Bottom Line

This Fiscal Note is an inaccurate portrayal of the impact disallowing prior authorization will have on Montana's fiscal health. Particularly when compared with the Fiscal Note prepared in Colorado, which includes open access for more drugs than HB 610, it defies imagination to believe that Montana would face double the financial hit to our General Fund. In addition, the Fiscal Note attempts to insinuate that all antipsychotics prescribed moving forward will be a result of the policy change in HB 610, when that is incorrect. And it assumes a massive and unbelievable 139% increase in the average cost of an antipsychotic from present assumptions. This Fiscal Note simply cannot be trusted.

Passing HB 610 shows compassion to those suffering from mental illness, gives psychiatrists the tools they need to treat patients in a timely manner without bureaucratic hurdles, and keeps the public safe by ensuring those suffering from mental illness are treated according to their needs, preventing avoidable episodes and tragedies.