

January 28, 2015

The Honorable Daniel Hawkins, Chairperson
House Committee on Health and Human Services
Statehouse, Room 521-E
Topeka, Kansas 66612

Dear Representative Hawkins:

SUBJECT: Fiscal Note for HB 2004 by Representative Hildabrand, et al.

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2004 is respectfully submitted to your committee.

HB 2004 would allow eligible, terminally ill patients, as attested to by the patient's treating physician, to use potentially lifesaving investigational drugs, biological products, and devices. The bill would define terminal illness; investigational drug, biological product, or device; eligible patient; and written informed consent.

The Department of Insurance indicates that passage of HB 2004 would have no fiscal effect for the Department. However, if a local government's insurance provider chose to provide coverage for the cost of investigational drugs, products, or devices, there could be an increase in claim costs which could potentially increase the cost of premiums. The Kansas Department of Health and Environment states there would be no fiscal effect for the agency related to the passage of HB 2004.

The Board of Healing Arts indicates that the passage of HB 2004 would result in increased complaints, investigations, and caseload activity and would therefore require an increase in FTE positions and operating expenditures. The table below shows the breakdown for the additional cost of \$634,464 and 8.00 FTE positions.

2.00 FTE Investigator Positions @ \$49,554	\$ 99,108
2.00 FTE Administrative Assistants @ \$38,783	77,566
1.00 FTE Associate Litigation Counsel	68,500
1.00 FTE Assistant General Counsel	68,500
2.00 FTE Legal Assistant Positions @ 49,555	<u>99,110</u>
Subtotal Salaries & Wages	\$412,784
Office Furniture and Equipment @ \$8,000 per person	64,000
Telephone, e-mail, and Internet Lines @ \$640 per month X 12	7,680
Office Space of 1,000 sq. ft. @ \$12.50 per sq. ft. per month	<u>150,000</u>
Total	\$634,464

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The Division of the Budget considers the fiscal estimate prepared by the Board of Healing Arts to be excessive. Although it is understandable that the agency would want to be prepared for the implementation of HB 2004, it appears that the estimate includes more FTE positions as well as more operating expenditures than would be necessary. Any fiscal effect associated with HB 2004 is not reflected in *The FY 2016 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Sullivan", with a horizontal line extending to the right.

Shawn Sullivan,
Director of the Budget

cc: Glenda Haverkamp, Insurance
Aaron Dunkel, Health & Environment
Cathy Brown, Board of Healing Arts