

**State Impact**

This bill requires the Department of Health to study the drug benefit in the Medicaid program and to report its findings and recommendations to the Executive Appropriations Committee and Legislative Management Committee for their review and recommendations.

Making significant changes to the Medicaid drug benefit has the potential of saving Medicaid funds through reducing pharmaceutical costs. The amount is dependent upon the recommendations presented to the two Committees listed above and their action dealing with the implementation the study.

It is anticipated that there would be some administrative costs associated with this study, but those costs could be addressed during the 2004 General Session by transferring the appropriate amount from the pharmaceutical savings to the administration, depending upon the Committees' action.

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**Individual and Business Impact**

Pharmaceutical manufacturers could be affected by this bill, depending on the results of the study.

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**Office of the Legislative Fiscal Analyst**