

Fiscal Note

BILL # SB 1720

TITLE: clozapine; access; treatment protocols

SPONSOR: Kuby

STATUS: As Introduced

PREPARED BY: Chandler Coiner

Description

This bill would require health insurance companies, the Arizona Health Care Cost Containment System (AHCCCS), the Arizona Department of Corrections (ADC), and county jails to cover certain treatment protocols related to the antipsychotic drug clozapine and implement a variety of policies that are intended to promote access to clozapine.

Estimated Impact

We estimate that the bill would increase AHCCCS costs by \$4.9 million General Fund (\$23.8 million Total Funds) annually. This is based on an actuarial analysis from the agency. However, there are several provisions of the bill that AHCCCS believes could have a fiscal impact but was unable to produce an estimate. Combined with uncertainty surrounding the impact that this bill would have on utilization of clozapine, this estimate should be considered highly speculative.

We estimate that the bill would also increase costs of ADC inmate health care, as well as the state employee health plan, which is administered by the Arizona Department of Administration (ADOA). We have asked both agencies for their estimate of the bill's fiscal impact, but we have not yet received a response.

Analysis

Clozapine is an antipsychotic prescribed to individuals with treatment-resistant schizophrenia. Clozapine has been available for several decades and is currently covered by AHCCCS, the state employee health plan, and most insurers. This bill would require these insurers, ADC inmate health care, and county jails to additionally cover certain treatment protocols and implement various policies intended to promote access to clozapine.

AHCCCS estimates this bill would increase its General Fund costs by between \$950,000-\$8.9 million (between \$4.6 million-\$43.0 million Total Funds). AHCCCS' analysis appears reasonable, so we have used the midpoint of this range as our estimate of the bill's fiscal impact on AHCCCS. However, we also believe that the estimate should be considered highly speculative due to a number of uncertainties surrounding the analysis.

According to AHCCCS, 1,235 members used clozapine in Contract Year (CY) 2024. AHCCCS used this figure for the lower end of its estimates, and assumed this figure would grow to 4,000 members for the higher end of its estimates. AHCCCS' cost estimate is divided into 3 main factors described below: psychiatric examinations, in-home blood monitoring and other.

Psychiatric Examinations

Clozapine users typically require close monitoring during the initial year of treatment. The bill would require AHCCCS and the state employee health plan to reimburse psychiatric examinations of members who are prescribed clozapine at the highest level of complexity and apply an additional "enhanced case rate" of 30% above the high complexity visit amount for administrative tasks and care management. The bill would also prohibit restrictions on the number or frequency of psychiatric visits.



AHCCCS estimates that these provisions would increase its General Fund costs by between \$540,000-\$6.4 million (between \$2.6 million-\$30.9 million Total Funds). The increase would be due to providers that are currently billing for a "moderate" level of decision making during a psychiatric examination shifting to billing for a "high" level of decision making, as well as the 30% enhanced case rate.

In-Home Blood Monitoring

Clozapine users must use a blood test to regularly monitor their absolute neutrophil count, which is a type of white blood cell. The bill would require AHCCCS, the state employee health plan, and ADC to provide "less-invasive means of hematological monitoring, such as finger-stick absolute neutrophil count devices."

AHCCCS estimates that this provision would increase its General Fund costs by between \$320,000-\$1.0 million (between \$1.6 million-\$5.1 million Total Funds) due to the cost of providing an in-home device for each member, test strip supplies, and reimbursement to the provider for remote patient monitoring. There may be some amount of offsetting savings due to a reduction in usage of transportation services to have testing done in-person, but AHCCCS was unable to estimate the magnitude of these savings.

Other

AHCCCS estimates that the provisions of the bill related to weight management and treatment of excessive salivation would increase its General Fund costs by between \$90,000-\$1.5 million (between \$430,000-\$7.1 million Total Funds). AHCCCS estimates that several other provisions could also have fiscal impact but was unable to produce an estimate.

Local Government Impact

The impact on local governments' employee health insurance costs cannot be determined in advance. The impact would depend on current levels of clozapine utilization and several other factors.

In addition to the counties' employee health insurance costs, we estimate that the bill would increase costs to the county jails. We have reached out to the County Supervisors Association (CSA) for its estimate of the bill's fiscal impact, but we have not yet received a response.

2/25/25