
By: **Delegate Hammen**

Introduced and read first time: January 27, 2005

Assigned to: Health and Government Operations

A BILL ENTITLED

1 AN ACT concerning

2 **Senior Prescription Drug Program - Modifications**

3 FOR the purpose of altering the eligibility requirements for and purpose of the Senior
4 Prescription Drug Program; requiring the Program to provide a State subsidy
5 for the cost of Medicare Part D premiums, deductibles, and coinsurance;
6 authorizing the Board of Directors of the Maryland Health Insurance Plan to
7 reduce or limit copayments for certain enrollees; establishing priority for
8 funding, if moneys in a certain account are insufficient to cover certain costs;
9 altering the purpose for which the Board shall reimburse the Program
10 Administrator; repealing a requirement that certain rebates or other discounts
11 inure to the benefit of the Program and be deposited to the Maryland Health
12 Insurance Plan Fund; repealing a certain termination provision; requiring the
13 Secretary of Health and Mental Hygiene to provide certain notice to the
14 Department of Legislative Services; altering certain definitions; providing for
15 the effective date of certain provisions of this Act; and generally relating to
16 modifications of the Senior Prescription Drug Program.

17 BY repealing and reenacting, with amendments,
18 Article - Insurance
19 Section 14-510 through 14-513
20 Annotated Code of Maryland
21 (2002 Replacement Volume and 2004 Supplement)

22 BY repealing and reenacting, without amendments,
23 Article - Insurance
24 Section 14-514 and 14-515
25 Annotated Code of Maryland
26 (2002 Replacement Volume and 2004 Supplement)

27 BY repealing and reenacting, with amendments,
28 Chapter 153 of the Acts of the General Assembly of 2002
29 Section 13

1 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
2 MARYLAND, That the Laws of Maryland read as follows:

3 **Article - Insurance**

4 14-510.

5 (a) In Part II of this subtitle the following words have the meanings indicated.

6 (b) "Eligible individual" means an individual who:

7 (1) is a resident of Maryland;

8 (2) is a Medicare beneficiary ENROLLED IN THE MEDICARE PART D
9 VOLUNTARY PRESCRIPTION DRUG BENEFIT PROGRAM;

10 (3) is not enrolled in a Medicare Plus Choice managed care program or
11 other insurance program that provides prescription drug benefits at the time that the
12 individual applies for enrollment in the Plan;

13 (4) has an annual household income at or below 300% of the federal
14 poverty guidelines; and

15 (5) pays the premium and copayments for the Plan.

16 (c) "Enrollee" means an individual enrolled in the Plan.

17 (d) "Program" means the Senior Prescription Drug Program established under
18 Part II of this subtitle.

19 14-511.

20 (a) There is a Senior Prescription Drug Program.

21 (b) The purpose of the Program is to provide Medicare PART D beneficiaries,
22 who [lack prescription drug coverage, with access to affordable, medically necessary
23 prescription drugs until such time as an outpatient prescription drug benefit is
24 provided through the federal Medicare program] MEET PROGRAM ELIGIBILITY
25 REQUIREMENTS, WITH A STATE SUBSIDY FOR THEIR MEDICARE PART D PREMIUMS,
26 DEDUCTIBLES, AND COINSURANCE.

27 (c) The Program shall be administered by a carrier as provided under §
28 14-106(d) of this title.

29 (d) The carrier that administers the Program shall:

30 (1) submit a detailed financial accounting of the Program to the Board as
31 often as the Board requires;

32 (2) collect and submit to the Board data regarding the utilization
33 patterns and costs for Program enrollees; and

1 (3) develop and implement a marketing plan targeted at eligible
2 individuals throughout the State.

3 14-512.

4 (a) The Program shall:

5 (1) subject to the moneys available in the segregated account under §
6 14-504 of this subtitle, provide benefits to the maximum number of individuals
7 eligible for enrollment in the Program;

8 (2) require a monthly premium charge of \$10 per enrollee;

9 (3) not require a deductible; [and]

10 (4) limit the copay charged an enrollee to:

11 (i) \$10 for a prescription for a generic drug;

12 (ii) \$20 for a prescription for a preferred brand name drug; and

13 (iii) \$35 for a prescription for a nonpreferred brand name drug; AND

14 (5) PROVIDE A STATE SUBSIDY FOR THE COST OF MEDICARE PART D
15 PREMIUMS, DEDUCTIBLES, AND COINSURANCE.

16 (b) The Board may:

17 (1) limit the total annual benefit to \$1,000 per individual; AND

18 (2) FOR ENROLLEES WITH ANNUAL HOUSEHOLD INCOME AT OR BELOW
19 150% OF THE FEDERAL POVERTY GUIDELINES, REDUCE PROGRAM COPAYMENTS OR
20 LIMIT COPAYMENTS TO THE AMOUNTS ESTABLISHED IN FEDERAL LAW FOR THE
21 MEDICARE PART D BENEFIT.

22 (c) [Subject to approval by the Board, the carrier that administers the
23 Program shall develop a prescription drug formulary to be used in the Program] IF
24 MONEYS AVAILABLE IN THE SEGREGATED ACCOUNT ESTABLISHED UNDER § 14-504
25 OF THIS SUBTITLE ARE INSUFFICIENT TO COVER THE FULL COST OF MEDICARE PART
26 D PREMIUMS, DEDUCTIBLES, AND COINSURANCE FOR ENROLLEES, THE PRIORITY
27 FOR FUNDING SHALL BE:

28 (1) PREMIUMS;

29 (2) DEDUCTIBLES; AND

30 (3) COINSURANCE.

1 14-513.

2 (a) As determined by the Board, premiums collected for the Program shall be
3 deposited:

4 (1) to a segregated account in the Fund established under § 14-504 of
5 this subtitle; or

6 (2) to a separate account for the Program established by the carrier that
7 administers the Program.

8 (b) In addition to premium income, the segregated account shall include:

9 (1) interest and investment income attributable to Program funds; and

10 (2) money deposited to the account by the carrier that administers the
11 Program in accordance with subsection (c) of this section.

12 (c) (1) On or before April 1, 2003 and quarterly thereafter, the Program
13 Administrator shall deposit to the Fund under § 14-504 of this subtitle the amount,
14 in excess of premiums collected, that is necessary to operate and administer the
15 Program for the following quarter.

16 (2) The amount deposited shall be determined by the Board based on
17 enrollment, expenditures, and revenue for the previous year.

18 (3) The amount required by the Board under paragraph (2) of this
19 subsection may not exceed the value of the Program Administrator's annual premium
20 tax exemption under § 6-101(b) of this article for the previous calendar year.

21 (4) Beginning July 1 of each year and quarterly thereafter, the Board
22 shall reimburse the Administrator for [prescription drug claims] THE COST OF THE
23 STATE SUBSIDY and administrative expenses incurred on behalf of the Program.

24 [(5) Any rebates or other discounts obtained by the Program
25 Administrator as a result of prescription drug purchases on behalf of Program
26 enrollees from a pharmaceutical benefit manager or pharmaceutical manufacturer
27 shall inure to the benefit of the Program and be deposited to the Fund.]

28 14-514.

29 (a) On or before June 30 of each year, the Board shall submit a report to the
30 Governor and, in accordance with § 2-1246 of the State Government Article, to the
31 General Assembly that includes a summary of Program activities for the year and any
32 recommendations for consideration by the General Assembly.

33 (b) The Board shall adopt regulations to carry out Part II of this subtitle.

1 14-515.

2 (a) For the purpose of maximizing participation in the Program, the Board
3 may develop outreach materials for distribution to eligible individuals.

4 (b) The Board shall publicize the existence and eligibility requirements of the
5 Program through the following entities:

6 (1) the Department of Aging;

7 (2) local health departments;

8 (3) continuing care retirement communities;

9 (4) places of worship;

10 (5) civic organizations;

11 (6) community pharmacies; and

12 (7) any other entity that the Board determines appropriate.

13 (c) The Department of Aging, through its Senior Health Insurance Program,
14 shall:

15 (1) assist eligible individuals in applying for coverage under the
16 Program; and

17 (2) provide notice of the Program and its eligibility requirements to
18 potentially eligible individuals who seek health insurance counseling services
19 through the Department of Aging.

20 (d) The Board shall develop a mail-in application for the Program.

21 (e) Any outreach performed by the Board on behalf of the Program shall be
22 funded through the Program's segregated account within the Fund.

23 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
24 read as follows:

25 **Chapter 153 of the Acts of 2002**

26 SECTION 13. AND BE IT FURTHER ENACTED, That:

27 (1) No later than June 1, 2003, the Secretary of Health and Mental Hygiene
28 and the carrier that is required to offer the Short-Term Prescription Drug Subsidy
29 Plan under Title 15, Subtitle 6 of the Health - General Article shall transfer all Plan
30 records, data, and other information necessary to operate and administer the Senior
31 Prescription Drug Program established under this Act to the Board of the Maryland
32 Health Insurance Plan.

1 (2) Each individual enrolled in the Short-Term Prescription Drug Subsidy
2 Plan, established under Title 15, Subtitle 6 of the Health - General Article, on June
3 30, 2003 shall, at the option of the enrollee and subject to the payment of all necessary
4 premiums and copayments, be automatically enrolled in the Senior Prescription Drug
5 Program established under this Act.

6 (3) It is the intent of the General Assembly that the transition of enrollees
7 from the Short-Term Prescription Drug Subsidy Plan to the Senior Prescription Drug
8 Program be accomplished without interruption of benefits for enrollees.

9 (4) Benefits shall be offered to enrollees through the Senior Prescription Drug
10 Program established under Title 14, Subtitle 5, Part II of the Insurance Article
11 beginning July 1, 2003. [On the earlier of the end of June 30, 2005, or the availability
12 of comparable prescription drug benefits provided by Medicare under Title XVIII of
13 the Social Security Act, as amended, with no further action required by the General
14 Assembly, the Senior Prescription Drug Program established under Title 14, Subtitle
15 5, Part II, as amended, shall be abrogated and of no further force and effect. If
16 comparable prescription drug benefits are provided by Medicare under Title XVIII of
17 the Social Security Act, the Secretary of Health and Mental Hygiene shall notify the
18 Department of Legislative Services, 90 State Circle, Annapolis, Maryland 21401 no
19 later than 90 days before the prescription drug benefits are to be provided.]

20 (5) Beginning April 1, 2003, the carrier required to offer the Short-Term
21 Prescription Drug Subsidy Plan under Title 15, Subtitle 6 of the Health - General
22 Article and the Senior Prescription Drug Program under Title 14, Subtitle 5 of the
23 Insurance Article shall subsidize the Plan and beginning July 1, 2003, the Program,
24 using the value of the carrier's premium tax exemption.

25 SECTION 3. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall
26 take effect on the later of January 1, 2006 or the availability of prescription drug
27 benefits provided by Medicare Part D under Title XVIII of the Social Security Act, as
28 amended. The Secretary of Health and Mental Hygiene shall notify the Department
29 of Legislative Services, 90 State Circle, Annapolis, Maryland 21401 no later than
30 December 15, 2005 regarding the availability on January 1, 2006 of prescription drug
31 benefits provided by Medicare Part D and, if prescription drug benefits provided by
32 Medicare Part D are not available on January 1, 2006, the Secretary of Health and
33 Mental Hygiene shall notify the Department of Legislative Services no later than 15
34 days before the prescription drug benefits are to become available.

35 SECTION 4. AND BE IT FURTHER ENACTED, That, subject to the provisions
36 of Section 3 of this Act, this Act shall take effect July 1, 2005.