

1999 DRAFTING REQUEST

Bill

Received: **08/31/1999**

Received By: **kenneda**

Wanted: **As time permits .**

Identical to LRB:

For: **Peggy Krusick (608) 266-1733**

By/Representing: **Aide**

This file may be shown to any legislator: NO

Drafter: **kenneda**

May Contact: **Dick Sweet, LFB**

Alt. Drafters:

Subject: **Health - long-term care**
Health - miscellaneous

Extra Copies: **TAY**

Pre Topic:

No specific pre topic given

Topic:

Prescription drug program for elderly persons

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
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Vers. Drafted Reviewed Typed Proofed Submitted Jacketed Reaired

FE Sent For: **10/27/1999, 11/05/1999, 01/27/2000.**

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FE Sent For: 10/27/1999

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11/14/1999
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to 1/27 to KM
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WWS
1/27/99

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FE Sent For:

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WISCONSIN LEGISLATIVE COUNCIL STAFF MEMORANDUM

One East Main Street, Suite 401; P.O. Box 2536; Madison, WI 53701-2536

Telephone: (608) 266-1304

Fax: (608) 266-3830

Email: leg.council@legis.state.wi.us

DATE: August 27, 1999

TO: REPRESENTATIVE PEGGY KRUSICK

FROM: Richard Sweet, Senior Staff Attorney

SUBJECT: Proposal for a Prescription Drug Program for Elderly Persons

This memorandum is written pursuant to your request for a summary of a proposal for a prescription drug program for elderly persons that was discussed at a meeting with you and your staff, myself, and representatives from the Legislative Fiscal Bureau, the Pharmacy Society of Wisconsin and the Coalition of Wisconsin Aging Groups. The proposal would establish a state-funded program that provides reimbursement for prescription drugs to eligible elderly persons.

In order to qualify, a person must be 65 years of age or older and a resident of Wisconsin for at least six months. The person's annual income must not be greater than 150% of the federal poverty level. There would be a \$25 annual enrollment fee and a \$1,200 annual maximum benefit level. In addition, a recipient would be required to pay a \$4 copayment on generic prescription drugs and an \$8 copayment on nongenetic prescription drugs.

Prescription drugs that are eligible for reimbursement under Medical Assistance would be eligible for reimbursement under the proposed program. In addition, pharmacists would receive reimbursement under the proposed program at the Medical Assistance reimbursement level.

Under the proposal, the Department of Health and Family Services (DHFS), which would administer the program, would be required to allow persons to apply for the program in the same manner that they currently may apply for Medical Assistance and also allow application by mail or e-mail or through a toll-free number that would be operated by DHFS. Beginning in 2002 (for calendar year 2001), DHFS would be required to submit an annual report to the Legislature on the operations of the program, together with recommendations for changes in the program. In preparing the annual report, DHFS would be required to consult with pharmacists and advocates for elderly persons.

The program would begin on July 1, 2000. Funding for administration of the program, both prior to July 1, 2000 and on or after July 1, 2000 would be set aside in a separate appropriation that may be released by the Joint Committee on Finance.

Feel free to contact me if I can be of further assistance.

RNS:rv;wu;jal

September 21, 1999

DAK
2

Debora:

Peggy recently requested a bill draft for a prescription drugs program. Fiscal Bureau's cost estimate for this plan is enclosed. I've also enclosed the Leg. Council memo outlining this program. Please feel free to call if you have any questions. Thanks.

Christian.

Christian
Peggy Krusick's office
6-1733



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

September 17, 1999

TO: Representative Peggy Krusick
Room 128 North, State Capitol

FROM: Charles Morgan, Program Supervisor

SUBJECT: Cost Estimate for Senior Pharmacy Assistance Program

From Christian 9/30/99:
Rep. Krusick wants to
permit coverage for
persons who have
partial drug benefits
DAK

At your request, I am providing an **estimate of the cost to create** a state-funded program to support the costs of prescription drugs for eligible Wisconsin residents **over the age of 65**.

Program Description

In order to be eligible for the program, an individual would be required to meet the following eligibility criteria: (a) be over the age of 65 years; (b) be a resident of the state for at least six months; (c) have income that does not exceed 150% of the federal poverty level (FPL); and (d) have no existing drug coverage (i.e. be ineligible for medical assistance (MA) or receive no drug benefits from a Medigap or other third-party health insurance policy). In 1999, 150% of the FPL is \$12,360 for an individual and \$16,590 for a couple.

Program participants would be required to pay a \$25 annual enrollment fee, a \$4 copayment for generic prescription drugs and an \$8 copayment for nongeneric prescription drugs. The program would pay up to \$1,200 in benefits per year for each enrollee.

cost Estimate

The Department of Health and Family Services (DHFS) estimates that there are currently 690,000 Wisconsin residents over the age of 65 years, of which 176,000 (25.5%) have income less than 150% of the federal poverty level (FPL). In an article published in the Spring, 1999 Health Care Financing Review, Poisal, Murray et. al. indicated that, in 1995, approximately 35.5% of all Medicare beneficiaries over the age of 65 did not have health care coverage for prescription drugs. Based on this information, it is estimated that approximately 62,500 Wisconsin residents would be eligible for the program.

The article by Poisal, Murray et al. also suggested that the annual per capita spending for drugs by Medicare beneficiaries over the age of 65 was approximately \$642 in 1995. By adjusting this per capita amount to reflect inflation and utilization increases since 1995 and to reflect the annual benefit cap of \$1,200 annually, it is estimated that, on average, enrollees would incur average annual expenses of approximately \$828. If it is assumed that the state would receive an 18% rebate from drug manufacturers to offset the program costs, as under the state's medical assistance (MA) program, the average cost per enrollee would be \$679 per enrollee per year.

Several assumptions are used in developing this estimate. First, it is assumed that, once fully implemented, 50% of all persons eligible for the program would enroll (approximately 31,200). It is also assumed that this level would be reached by the end of the second year after the program begins, and that 10,000 individuals would be enrolled in the program beginning in the first month. These assumptions are based on a review of the experience of Massachusetts' senior pharmacy program.

Based on the program specifications described in this memorandum, it is estimated that the net state costs of benefits that would be provided under this program would be approximately \$7.9 million during the first year (2000-01) and \$13.9 million during the second year of implementation (2001-02). Beginning in the third year, the annual net benefits costs of the program would be approximately \$16.7 million annually. It is likely that, with time, the percentage of individuals who currently have third-party coverage for prescription drug coverage would decrease, because many of the individuals who currently purchase Medigap policies with the drug benefit would discontinue this coverage once the state's pharmacy program is implemented. It is expected that this would increase program participation and program costs in the future.

These estimates ~~should be viewed as speculative~~^{DHFS?}, and actual program costs could vary significantly from these estimates. ~~Because of the uncertainty over~~ actual program costs, you may wish to specify that funding ~~for the program would be limited~~ by the amount appropriated for the program and specifically authorize, ~~which would administer the program~~, to establish waiting lists for the program if demand for program services exceeds the amounts budgeted for the program.

Finally, it should be noted that the Commonwealth of Massachusetts budgets \$1.6 million to administer the program, which is used to fund contracted enrollment and outreach services and 1.0 program director position. (Recently, an additional 0.5 clerical support position has been authorized for the program.) Because it is not clear how DHFS would administer this program, you may wish to consider budgeting this amount in the Joint Committee on Finance's program supplements appropriation and require DHFS to submit a plan for the use of these funds for program administration so that these funds could be released to DHFS once more **information** is available regarding how DHFS would implement the program.

I hope you find this information helpful. Please contact me if you require additional information on this matter.



WISCONSIN LEGISLATIVE COUNCIL STAFF MEMORANDUM

One East Main Street, Suite 401; P.O. Box 2536; Madison, WI 53701-2536

Telephone: (608) 266-1304

Fax: (608) 266-3830

Email: leg.council@legis.state.wi.us

DATE: August 27, 1999

TO: REPRESENTATIVE PEGGY KRUSICK

FROM: Richard Sweet, Senior Staff Attorney

SUBJECT: Proposal for a Prescription Drug Program for Elderly Persons

This memorandum is written pursuant to your request for a summary of a proposal for a prescription drug program for elderly persons that was discussed at a meeting with you and your staff, myself, and representatives from the Legislative Fiscal Bureau, the Pharmacy Society of Wisconsin and the Coalition of Wisconsin Aging Groups. The proposal would establish a state-funded program that provides reimbursement for prescription drugs to eligible elderly persons.

In order to qualify, a person must be 65 years of age or older and a resident of Wisconsin for at least six months. The person's annual income must not be greater than 150% of the federal poverty level. There would be a \$25 annual enrollment fee and a \$1,200 annual maximum benefit level. In addition, a recipient would be required to pay a \$4 copayment on generic prescription drugs and an \$8 copayment on nongeneric prescription drugs.


Prescription drugs that are eligible for reimbursement under Medical Assistance would be eligible for reimbursement under the proposed program. In addition, pharmacists would receive reimbursement under the proposed program at the Medical Assistance reimbursement level.

Under the proposal, the Department of Health and Family Services (DHFS), which would administer the program, would be required to allow persons to apply for the program in the same manner that they currently may apply for Medical Assistance and also allow application by mail or e-mail or through a toll-free number that would be operated by DHFS. Beginning in 2002 (for calendar year 2001), DHFS would be required to submit an annual report to the Legislature on the operations of the program, together with recommendations for changes in the program. In preparing the annual report, DHFS would be required to consult with pharmacists and advocates for elderly persons.

September 24, 1999

Debora:

Here's an updated version of Charlie Morgan's fiscal memo on the prescription drug plan, Feel free to call Charlie if you have any questions. Thanks for your help.

Christian 
Peggy Krusick's office
266-1733



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

September 23, 1999

TO: Representative Peggy Krusick
Room 128 North, State Capitol

FROM: Charles Morgan, Program Supervisor

SUBJECT: Cost Estimate for Senior Pharmacy Assistance Program,

At your request, I am providing, an. estimate of the cost to create a **state-funded** program to support the costs of prescription drugs for eligible-Wisconsin residents over the age of 65.

Program Description

In order to be eligible for the program, an individual would be required to meet the following eligibility criteria: (a) be over the age of 65 years; (b) be a resident of the state for at least six months; and (c) have income that does not exceed 150% of the federal poverty level (FPL). In 1999, 150% of the FPL is \$12,360 for an individual and \$16,590 for a couple.,

Program participants would be required to pay a \$25 annual enrollment fee, a **\$4** copayment for generic prescription drugs and an \$8 copayment for nongeneric prescription drugs. The program would pay up to \$1,200 in benefits per year for each enrollee.

Cost Estimate

Persons with No Current Drug Coverage. The Department of Health and Family Services (DHFS) estimates that there are currently 690,000 Wisconsin residents over the age of 65 years, of which **176,000** (25.5%) have income less than 150% of the federal poverty level (FPL). In an article published in the Spring, 1999 Health Care Financing Review, Poisal, Murray et. al. indicated that, in 1995, approximately 35.5% of all Medicare beneficiaries over the age of 65 did not have health care coverage for prescription drugs. Based on this information, it is estimated that approximately 62,500 Wisconsin residents would be eligible for the program who have no existing drug coverage.

The article by Poisal, Murray et al. also suggested that the annual per capita spending for drugs by Medicare beneficiaries over the age of 65 was approximately \$642 in 1995. By adjusting this per capita amount to reflect inflation and utilization increases since 1995 and to reflect the annual benefit cap of \$1,200 annually, it is estimated that, on average, enrollees would incur average annual expenses of approximately \$828. If it is assumed that the state would receive an 18% rebate from drug manufacturers to offset the program costs, as under the state's medical assistance (MA) program, the average cost per enrollee would be \$679 per enrollee per year.

Several assumptions are used in developing this estimate. First, it is assumed that, once fully implemented, 50% of all persons eligible for the program who have no current drug coverage would enroll (approximately 31,200). It is also assumed that this level would be reached by the end of the second year after the program begins, and that 10,000 of these individuals would be enrolled in the program beginning in the first month. These assumptions are based on a review of the experience of Massachusetts' senior pharmacy program.

Based on the program specifications described in this memorandum, it is estimated that the net state costs of benefits that would be provided under this program for persons with no current **insurance coverage** would be approximately \$7.9 million during the first year (2000-01) and \$13.9 million during the second year of implementation (2001-02). Beginning in the third year, the annual net benefits costs of the program would be approximately \$1.6.7 million annually. It is likely that, with time, the percentage of individuals who currently have third-party coverage for prescription drug coverage would decrease, because many of the individuals who currently purchase Medigap policies with the drug benefit would discontinue this coverage once the state's pharmacy program is implemented. It is expected that this would increase program participation and program costs in the future.

Persons with Some Drug Coverage. Very little information is available that can be used to estimate the cost of providing this benefit to individuals who currently 'have some coverage for prescription drugs. For these individuals, the state program would be a payer of last resort for prescription drugs not covered under other programs. For the purpose of developing this estimate, it is assumed that, by providing this benefit to persons with some prescription drug coverage, program participation would increase by 50%. If it is assumed that the average annual cost per enrollee in this group is \$328 per year (\$400 less an 18% rebate), it is estimated that the net costs for this group would be approximately \$1.0 million in 2000-01 and \$1.7 million in 2001-02. Beginning in the third year of implementation, the annual benefits costs of the program for these program participants would be approximately \$2.5 million.

Together with costs associated with individuals with no current drug coverage, the estimated net benefits costs of the proposal would be \$8.9 million in 2000-01 and \$15.6 million in 2001-02. The net annual benefit costs of the proposal, once fully implemented, are estimated to be \$19.2 million. Based on the estimates and assumptions previously described in this memorandum, it is estimated that approximately 46,800 persons would participate in the program once fully implemented.

These estimates should be viewed as speculative, and actual program costs could vary significantly from these estimates. Because of the uncertainty over actual program costs, you may wish to specify that funding for the program would be limited by the amount appropriated for the program and specifically authorize DHFS, which would administer the program, to establish waiting lists for the program if demand for program services exceeds the amounts budgeted for the program.

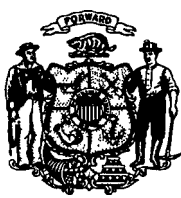
Finally, it should be noted that the Commonwealth of Massachusetts budgets \$1.6 million to administer the program, which is used to fund contracted enrollment and outreach services and 1.0 program director position. (Recently, an, additional 0.5 clerical support position has been authorized for the program.) Because it is not clear how DHFS would administer this program, you may wish to consider budgeting this amount in the Joint Committee on Finance's program supplements appropriation and require DHFS to submit a plan for the use of these funds for program administration so that these funds could be released to DHFS once more information is available regarding how DHFS would implement the program.

I hope you **find** this information helpful. Please contact me if you require additional information on this matter.

CM/lah

10

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(WEDNESDAY, 10/27, if possible)

State of Wisconsin
1999 - 2000 LEGISLATURE

LRB-3557/1

DAK.../....

WLi
3

WFO: Inserts are out of order.

Gen Cat

1 AN ACT ...; relating to: prescription drug assistance for elderly persons and
2 making appropriations.

Analysis by the Legislative Reference Bureau

This bill creates a program of prescription drug assistance for elderly persons in the department of health and family services (DHFS) and appropriates \$7,900,000 in general purpose revenues in fiscal year 2000-01 for the program. Under the program, persons who are aged at least 65 years, who have been residents of this state for at least six months, who are ineligible for medical assistance and whose gross incomes are not more than 150% of the federal poverty line may apply for assistance of up to \$1200 per year in paying for prescription drugs. Prescription drugs for which a program participant may receive coverage are those prescription drugs that are covered under the medical assistance program. Participants in the prescription drug assistance program must pay an annual enrollment fee of \$25 and copayments of \$4 for each generic prescription drug and \$8 for each brand-name drug. Under the program, DHFS is the payer of last resort for coverage for prescription drugs. Under the program, DHFS must reimburse pharmacist providers at the rate under which pharmacists are reimbursed under the medical assistance program. DHFS also must maintain a toll-free telephone number to provide information, including application information, about the prescription drug assistance program. In addition, if prescription drug assistance for the number of eligible applicants exceeds the amounts of general purpose revenues appropriated under the bill for the program and the program revenue resulting from the annual enrollment fees and copayments, DHFS is authorized to create waiting lists of eligible applicants. The bill appropriates \$800,000 in general purpose revenues in each of fiscal years 1999-2000 and 2000-01 to the general program supplementation

3

appropriation account of the joint committee on finance (JCF) and requires DHFS to submit to JCF a plan for expenditure of these funds for administration of the prescription drug assistance program. If the cochairpersons of JCF do not notify the secretary of health and family services of the committee's intent to schedule a meeting to review the plan, JCF must supplement the DHFS general program operations appropriation account as provided in the DHFS plan. If the cochairpersons of JCF notify the secretary of health and family services that JCF intends to schedule a meeting to review the plan, the DHFS appropriation account may be supplemented only as approved by JCF.

For further information *see* the **state and local** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

INSERT 2-1 ✓

1 SECTION 1. 20.435 (4) (bv) of the statutes is created to read:

2 20.435 (4) (bv) Prescription drug assistance for elderly; aids. The amounts in
3 the schedule for the program for prescription drug assistance for elderly persons
4 under s. 49.688. ✓

5 SECTION 2. 20.435 (4) (bw) of the statutes is created to read:

6 20.435 (4) (bw) Prescription drug assistance for elderly; fees and copayments.

7 All moneys received from payments of enrollment fees and copayments under s.
8 49.688 (3) (b), ✓ to be used for prescription drug assistance for elderly persons under
9 s. 49.688. ✓

10 SECTION 3. 49.688 of the statutes is created to read:

11 **49.688 Prescription drug assistance for elderly persons. (1)** In this
12 section:

13 (a) "Brand name" has the definition given in s. 450.12 (1) (a). ✓
meaning

14 (b) "Generic name" has the definition given in s. 450.12 (1) (b). ✓
meaning

15 (c) "Poverty line" means the nonfarm federal poverty line for the continental
16 United States, as defined by the federal department of labor under 42 USC 9902 (2).

1 (2) From the appropriation under s. 20.435 (4) (bv),[✓] the department shall
2 reimburse pharmacists for the provision of up to \$1,200 of prescription drugs that
3 correspond to those prescription drugs for which reimbursement is made under s.
4 49.46 (2) (b) 6. h.,[✓] to persons who meet criteria for eligibility under sub. (3).[✓] The
5 department is the payer of last[✓] resort[✓] for coverage for prescription drugs under this
6 subsection. Provider reimbursement shall be at the rate paid for reimbursement of
7 pharmacists under s. 49.45, The department shall maintain a toll-free telephone
8 number at department headquarters to provide information about the program
9 under this subsection,[✓] including information about application procedures.

10 (3) (a) An individual is eligible for participation in the program under sub. (2)[✓]
11 if all of the following eligibility requirements are met:

12 1. The individual is at least 65 years of age, has been a resident of this state
13 for at least 6 months and is ineligible for medical assistance under s. 49.46,[✓] 49.465,[✓]
14 49.468[✓] or 49.47.[✓]

15 2. The individual's gross income does not exceed 150% of the poverty line.

16 (b) Program participants shall pay all of the following:

17 1. Annually, a program enrollment fee of \$25.

18 2. A copayment of \$4 for each prescription drug provided under the program
19 that bears only a generic name.

20 3. A copayment of \$8 for each prescription drug provided under the program
21 that bears a brand name.

22 (4) If prescription drug assistance for the number of applying eligible
23 individuals under sub. (3)[✓] exceeds the amount appropriated under s. 20.435 (4) (bv)[✓]
24 and the amount available under s. 20.435 (4) (j),[✓] the department may place an

1 eligible applicant's name on a waiting list for the reimbursement program under sub.

2 (2).[✓]

3 **SECTION 4. Nonstatutory provisions.**

4 (1) ~~PRESCRIPTION DRUG ASSISTANCE FORELDERLY PERSONS; ADMINISTRATION.~~ The
5 department of health and family services may request the joint committee on finance

6 to supplement, from the appropriation account under section 20.865 (4) ~~(a)~~ of the

7 statutes, the appropriation account under section 20.435 (4) ~~(a)~~ of the statutes, to pay

8 the costs of administration of the program of prescription drug assistance for elderly

9 persons under section 49.688[✓] of the statutes, as created by this act. If the department

10 of health and family services requests supplementation of the appropriation account

11 under section 20.435 (4) ~~(a)~~ of the statutes, the department shall submit a plan to the

12 joint committee on finance to expend not more than \$800,000 for fiscal year

13 1999-2000 and not more than \$800,000 for fiscal year 2000-01. If the cochairpersons

14 of the committee do not notify the secretary of the department within 14 working

15 days after the date of the department's submittal that the committee intends to

16 schedule a meeting to review the request, the appropriation account shall be

17 supplemented as provided in the request. If, within 14 working days after the date

18 of the department's submittal, the cochairpersons of the committee notify the

19 secretary of the department that the committee intends to schedule a meeting to

20 review the request, the appropriation account shall be supplemented only as

21 approved by the committee. Notwithstanding section 13.101 (3) (a) 1.[✓] of the statutes,

22 the committee is not required to find that an emergency exists.

INSERT 4 - 22

23

(END)

stat.

(a)

Nonstat File Sequence:

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1. In the component bar:

For the action phrase, execute: create → action: → *NS: → \$change

For the budget action phrase, execute: create → action: → *NS: → 92XX

For the text, execute: create → text: → *NS: → \$change

2. Nonstatutory subunits are numbered automatically if "(#1)", "(#2)", etc., is filled in.. Below, for the budget, fill in the 9200 department code; and fill in "_____" or "()" only if a "frozen" number is needed.

SECTION # 92 MM. Appropriation changes;

⁽³⁾ joint committee on finance ⁽⁰⁾

(#1) MM ⁽³⁾ PRESCRIPTION DRUG ASSISTANCE FOR

ELDERLY ; ADMINISTRATION ⁽⁰⁾ In the schedule under section 20.005 (3) of the statutes for the appropriation to the joint

committee on finance

under section 20. 8.05. (4) (a) ⁽¹⁾ of the statutes, as affected by the acts of 1999, the dollar amount is increased by \$, . . . 800,000 . . for fiscal year 1999-00 and the dollar amount is increased by \$, . . . 800,000 . . for fiscal year 2000-01 ~~to create funding for the [purpose] [purposes] for which the appropriation is made~~ to increase funding for . . . administration of the prescription drug assistance . . . for elderly program under section 49.688 of the . . . Statutes . . . as created by this act ⁽³⁾

* Use the 2nd alternative if the purpose of the increase or decrease is more limited than the purpose or purposes of the appropriation as currently shown in the text of ch. 20, stats.



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1999

INSERT 2-1

LRB _____

File With Statute **20.005** (3) Schedule _____

\$\$\$ SCHEDULE

In the component bar:

For the action phrase, execute: create → action: → ch20

For the table layout, execute: create → <Table> → \$sched

SECTION #. 20.005 (3) (schedule) of the statutes: at the appropriate place,

insert the following amounts for the purposes indicated:

1999-00 2000-01

(B) { 20.435 . Health and family services, ...
 = department of }

(C9) (A) { HEALTH SERVICES PLANNING, REGULATION
 AND DELIVERY; HEALTH CARE FINANCING

(bv) Prescription drug
 = assistance for elderly;

 aids GPR A -0- 7,900,000

20. _____
.....
()

(C) (v) Prescription drug
 = assistance for elderly;
 less and copayments

..... PR A -0- -0-



**SUBMITTAL
FORM**

**LEGISLATIVE REFERENCE BUREAU
Legal Section Telephone: 266-3561
5th Floor, 100 N. Hamilton Street**

The attached draft is submitted for your inspection. Please check each part carefully, proofread each word, and **sign** on the appropriate line(s) below.

Date: 10/27/1999

To: Representative Krusick

Relating to LRB drafting number: LRB-3557

Topic

Prescription drug program for elderly persons

Subject(s)

Health - long-term care, Health - miscellaneous

1. **JACKET** the draft for introduction _____

in the **Senate** or the **Assembly** (check only one). Only the requester under whose name the drafting request is entered in the LRB's drafting records may authorize the draft to be submitted. Please allow one day for the preparation of the required copies.

2. **REDRAFT.** See the changes indicated or attached _____

A revised draft will be submitted for your approval with changes incorporated.

3. Obtain **FISCAL ESTIMATE NOW**, prior to introduction Peggy Krusick

If the analysis indicates that a fiscal estimate is required because ~~the proposal~~ makes an appropriation or increases or decreases existing appropriations or state or general local government fiscal liability or revenues, you have the option to request the fiscal estimate prior to introduction. If you choose to introduce the proposal without the fiscal estimate, the fiscal estimate will be requested automatically upon introduction. It takes about 10 days to obtain a fiscal estimate. Requesting the fiscal estimate prior to introduction retains your flexibility for possible redrafting of the proposal.

If you have any questions regarding the above procedures, please call 266-3561. If you have any questions relating to the attached draft, please feel free to call me.

Debora A. Kennedy, Managing Attorney
Telephone: (608) 266-O 137



1999 BILL

beginning July 1, 2000

Reger

1 AN ACT ~~to create~~ 20.435 (4) (bv), 20.435 (4) (j) and 49.688 of the statutes;
2 relating to: prescription drug assistance for elderly persons and making
3 appropriations.

Analysis by the Legislative Reference Bureau

This bill creates a program for prescription drug assistance for elderly persons in the department of health and family services (DHFS) and appropriates \$7,900,000 in general purpose revenues in fiscal year 2000-01 for the program. Under the program, persons who are aged at least 65 years, who have been residents of this state for at least six months, who are ineligible for medical assistance and whose gross incomes are not more than 150% of the federal poverty line may apply for assistance of up to \$1,200 per year in paying for prescription drugs. Prescription drugs for which a program participant may receive coverage are those prescription drugs that are covered under the medical assistance program. Participants in the prescription drug assistance program must pay an annual enrollment fee of \$25 and copayments of \$4 for each generic prescription drug and \$8 for each brand-name drug. Under the program, DHFS is the payer of last resort for coverage for prescription drugs. Under the program, DHFS must reimburse pharmacist providers at the rate under which pharmacists are reimbursed under the medical assistance program. DHFS must also maintain a toll-free telephone number to provide information, including application information, about the prescription drug assistance program. In addition, if prescription drug assistance for the number of eligible applicants exceeds the amounts of general purpose revenues appropriated

and

or contract for the maintenance of

BILL

INSERT ANAL ↓

under the bill for the program and the program revenue resulting from the annual enrollment fees and ~~copayments~~, DHFS is authorized to create waiting lists of eligible applicants. The bill appropriates \$800,000 in general purpose revenues in each of fiscal years 1999-2000 and 2000-01 to the general program supplementation appropriation account of the joint committee on finance (JCF) and requires DHFS to submit to JCF a plan for expenditure of these funds for administration of the prescription drug assistance program. If the cochairpersons of JCF do not notify the secretary of health and family services of the committee's intent to schedule a meeting to review the plan, JCF must supplement the DHFS general program operations appropriation account as provided in the DHFS plan. If the cochairpersons of JCF notify the secretary of health and family services that JCF intends to schedule a meeting to review the plan, the DHFS appropriation account may be supplemented only as approved by JCF.

For further information see the *state* and *local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 SECTION 1. 20.005 (3) (schedule) of the statutes: at the appropriate place, insert
2 the following amounts for the purposes indicated:

3 1999-00 2000-01

4 **20.435 Health and family services, department**
5 **of**

6 (4) HEALTH SERVICES PLANNING, REGULATION AND
7 DELIVERY; HEALTH CARE FINANCING

8 (bv) Prescription drug assistance for
9 elderly; aids GPR A -0- 7,900,000

10 SECTION 2. 20.435 (4) (bv) of the statutes is created to read:

11 **20.435 (4) (bv) Prescription drug assistance for elderly; aids.** The amounts in
12 the schedule for the program for prescription drug assistance for elderly persons
13 under s. 49.688.

BILL

1 **SECTION 3.** 20.435 (4) (j) of the statutes is created to read:

2 **20.435 (4) (j) Prescription drug assistance for elderly; fees and copayments.** All
3 moneys received from payments of enrollment fees and copayments under s. 49.688
4 (3)(b), to be used for prescription drug assistance for elderly persons under s. 49.688.

5 **SECTION 4.** 49.688 of the statutes is created to read:

6 **49.688 Prescription drug assistance for elderly persons. (1)** In this
7 section:

beginning July 1, 2000,

8 (a) "Brand name" has the meaning given in s. 450.12 (1) (a).

9 (b) "Generic name" has the meaning given in s. 450.12 (1) (b).

10 (c) "Poverty line" means the nonfarm federal poverty line for the continental
11 United States, as defined by the federal department of labor under 42 USC 9902 (2).

12 (2) From the appropriation under s. 20.435 (4) (bv), the department shall
13 reimburse pharmacists for the provision of up to \$1,200 of prescription drugs that
14 correspond to those prescription drugs for which reimbursement is made under s.
15 49.46 (2) (b) 6. h., to persons who meet criteria for eligibility under sub. (3). The
16 department is the payer of last resort for coverage for prescription drugs under this
17 subsection. Provider reimbursement shall be at the rate paid for reimbursement of
18 pharmacists under s. 49.45. The department shall maintain a toll-free telephone
19 number at department headquarters to provide information about the program
20 under this subsection, including information about application procedures.

21 (3) (a) An individual is eligible for participation in the program under sub. (2)
22 if all of the following eligibility requirements are met:

23 1. The individual is at least 65 years of age, has been a resident of this state
24 for at least 6 months and is ineligible for medical assistance under s. 49.46, 49.465,
25 49.468 or 49.47.

, or contract for the maintenance of,

BILL

1 2. The individual's gross income does not exceed 150% of the poverty line.

2 (b) Program participants shall pay all of the following:

3 1. Annually, a program enrollment fee of \$25.

4 2. A copayment of \$4 for each prescription drug provided under the program
5 that bears only a generic name.

6 3. A copayment of \$8 for each prescription drug provided under the program
7 that bears a brand name.

8 (4) If prescription drug assistance for the number of applying eligible
9 individuals under sub. (3) exceeds the amount appropriated under s. 20.435 (4) (bv)
10 and the amount available under s. 20.435 (4) (j), the department may place an
11 eligible applicant's name on a waiting list for the reimbursement program under sub.

12 (2).

13 **SECTION 5. Nonstatutory provisions.**

14 (1) PRESCRIPTION DRUG ASSISTANCE FOR ELDERLY PERSONS; ADMINISTRATION. The
15 department of health and family services may request the joint committee on finance
16 to supplement, from the appropriation account under section 20.865 (4) (a) of the
17 statutes, the appropriation account under section 20.435 (4) (a) of the statutes, to pay
18 the costs of administration of the program of prescription drug assistance for elderly
19 persons under section 49.688 of the statutes, as created by this act. If the department
20 of health and family services requests supplementation of the appropriation account
21 under section 20.435 (4) (a) of the statutes, the department shall submit a plan to the
22 joint committee on finance to expend not more than \$800,000 for fiscal year
23 1999-2000 and not more than \$800,000 for fiscal year 2000-01. If the cochairpersons
24 of the committee do not notify the secretary of the department within 14 working
25 days after the date of the department's submittal that the committee intends to

INSERT 4-12-J

BILL

1 schedule a meeting to review the request, the appropriation account shall be
2 supplemented as provided in the request. If, within 14 working days after the date
3 of the department's submittal, the cochairpersons of the committee notify the
4 secretary of the department that the committee intends to schedule a meeting to
5 review the request, the appropriation account shall be supplemented only as
6 approved by the committee. Notwithstanding section 13.101 (3)(a) 1. of the statutes,
7 the committee is not required to find that an emergency exists.

SECTION 6. Appropriation changes; joint committee on finance.

8 (1) **PRESCRIPTION DRUG ASSISTANCE FOR ELDERLY; ADMINISTRATION.** In the schedule
9 under section 20.005 (3) of the statutes for the appropriation to the joint committee
10 on finance under section 20.865 (4) (a) of the statutes, as affected by the acts of **1999**,
11 the dollar amount is increased by \$800,000 for fiscal year 1999-00 and the dollar
12 amount is increased by \$800,000 for fiscal year 2000-01 to increase funding for
13 administration of the prescription drug assistance for elderly program under section
14 49.688 of the statutes, as created by this act.
15

16 (END)

1999-2000 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-3557/2ins
DAK:wlj:kjf

Not
INSERT ANAL,
Beginning in 2001, DHFS must annually, after consulting with pharmacists and advocates for elderly persons, submit to the legislature a report on the previous year's operation of the program and include in the report any recommendations for program changes.

INSERT 4-12

1 √ (5) Beginning in 2001, the department shall annually, after consulting with
2 pharmacists and advocates for persons aged 65 or older, submit a report to the chief
3 clerk of each house of the legislature for distribution to the legislature under s.
4 13.172 (2). The report shall be on the operation of the program under this section for
5 the previous year and shall contain any recommendations for changes in the
6 program.

12

Barman, Mike

From: Barman, Mike
Sent: Wednesday, January 05, 2000 3:11 PM
To: Uecker, Deborah
Subject: FE for 99-3557/2 (looking for)

Deborah . . .

I received a call from Peggy Krusick's office. They are looking for the fiscal estimate for LRB 99-3557/2. We sent a request over for "/1" back on October 27th and then again for "/2" on November 4th. Have not received anything back yet. Please let me know when we can expect to get them back so can let Krusick's office know.

Thanks,

Mike Barman

Mike Barman - Senior Program Asst. (PH. 608-266-3561)
(E-Mail: mike.barman@legis.state.wi.us) (FAX: 608-264-6948)

State of Wisconsin
Legislative Reference Bureau - Legal Section - Front Office
100 N. Hamilton Street - 5th Floor
Madison, WI 53703

DHSS

Bonnie Nieman
6-3816

~~264-6948
Fax~~

10

11

12

From Kruzeck 1/26
Redraft 3557/2

- ① Start date April 1, 2001
- ② Funding: \$ 7,000,000
- ③ Add rebate from 1999 SB

To discuss w/ Christian:

ok ① Raise amt for admin costs from \$800,000 to \$1 mil >

ok ② Change prog. rev. approp - copayments won't go to state; I will add rebate

ok ③ Change wording of payment rate to make more specific
medical assistance

NOTE: PLEASE RETURN THIS BILL DRAFT AND THIS TRANSMITTAL SHEET WITH YOUR FISCAL ESTIMATE FORMS

IF THERE IS A FISCAL EFFECT TO THE BILL PLEASE SUBMIT THE FISCAL ESTIMATE WORKSHEET

TO: Bonnie Niemann
Department of Health and Family Services

FROM: Deborah Uecker
Division of Executive Budget and Finance
101 East Wilson Street
Administration Building, 10th Floor
Madison, WI 53707

SUBJECT: Fiscal Estimate - LRB Number 3557/2
1999 Bill Number

Krusick
Un-introduced
(copy sent
01-13-00)
3557/1 deleted
from database

Please provide the necessary information on fiscal estimate forms and return the original AND one copy of the original to Deborah Uecker, no later than:

15-Nov-99

If you cannot comply with the above deadline for any reason, please call Deborah at 267-0371.

Provide local government costs.

_____ is responsible for local government costs.

ALSO SENT TO:
Department of Health and Family Services

DATE DOA SENT TO AGENCY:

05-Nov-99

DATE DOA RECEIVED FROM AGENCY:

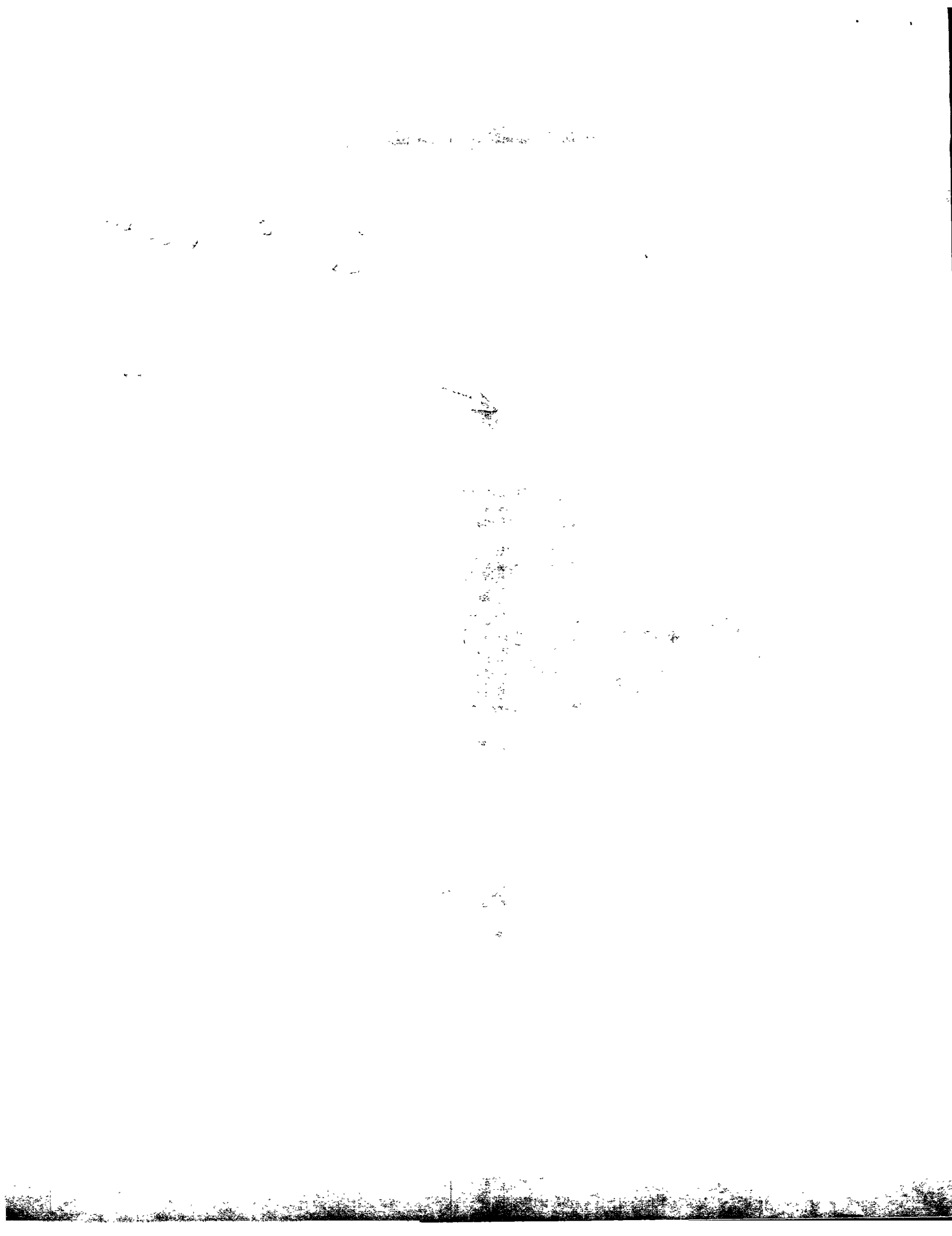
TO BE COMPLETED BY AGENCY:

Name and phone number of person who prepared the fiscal estimate.

(Name)

(Phone Number)

PLEASE SEND ORIGINAL COPIES OF THE FORMS THAT CAN BE REPRODUCED.



FISCAL ESTIMATE FORM

1999 Session

ORIGINAL

UPDATED

LRB # - 3557/2

CORRECTED

SUPPLEMENTAL

INTRODUCTION #

Admin. Rule #

Subject

Elderly Drug Assistance Program

Fiscal Effect

State: No State Fiscal Effect

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation.

Increase Costs - May be possible to Absorb Within Agency's Budget Yes No

Increase Existing Appropriation

Increase Existing Revenues

Decrease Existing Appropriation

Decrease Existing Revenues

Decrease Costs

Create New Appropriation

Local: No local government costs

1. Increase Costs
 Permissive Mandatory

3. Increase Revenues
 Permissive Mandatory

5. Types of Local Governmental Units Affected:
 Towns Villages Cities

2. Decrease Costs
 Permissive Mandatory

4. Decrease Revenues
 Permissive Mandatory

Counties Others _____
 School Districts WTCS Districts

Fund Sources Affected

GPR FED PRO PRS SEG SEG-S

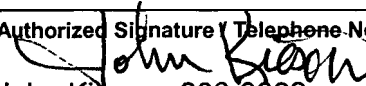
Affected Ch. 20 Appropriations

Assumptions Used in Arriving at Fiscal Estimate:

See Attached Narrative.

Long-Range Fiscal Implications:

Prepared By: / Phone # / Agency Name
Richard T. Chao / 267-0356
DHFS.OSF

Authorized Signature / Telephone No.

John Kiesow, 266-9622

Date
1-10-2000

This bill creates a program for prescription drug assistance for elderly persons in the Department and appropriates **\$7,900,000** in general purpose revenues in fiscal year 2000-01 for the program. Under the program, beginning July 1, 2000, persons who are aged at least 65 years, who have been residents of the state for a least six months, who are ineligible for medical assistance and whose gross incomes are not more than 150% of the federal poverty line may apply for assistance of up to \$1,200 per year in paying for prescription drugs. Participants in the program must pay an annual enrollment fee of \$25 and copayment of \$4 for each generic prescription drug and \$8 for each brand-name drug.

The bill caps the cost of program benefits to the appropriated **\$7,900,000**. Based on data from the State Medical Assistance Program, the National Academy of Social Insurance and the American Association Advancement of Retired Persons (AARP), it is estimated that the benefit cost per recipient would be \$600 per year. It is assumed that revenues from the program's annual fee and copayment fees would also be used for program benefits. It is estimated that each recipient will spend an average of \$110.54 per year in copayment fees. Using these figures, available funding would serve approximately 17,009 individuals. Program revenues are estimated at \$425,225 (17,009 x \$25) in annual fees and **\$1,880,175** collected in copayment fees (17,009 x \$110.54). This results in total estimated revenues available to the program of **\$10,205,400**. The copayment fee revenue is based on an estimated 352,072 copayments (two-thirds at the \$4-copayment and one-third at the \$8 copayment). Revenues collected from a negotiated drug manufactures' rebate program are not included in this estimate.

The bill states that if the cost of program assistance to eligible individuals exceeds the appropriated level, the Department may place eligible applicants' names on a waiting list for the program. Based on various information sources including the Department's Family Health Survey Report, it is estimated that approximately 70,000 individual would be eligible for the program. This number significantly exceeds the number of individuals who could be served in the program. As a result, it is expected that a waiting list for the program would be established and that the program will spend the entire **\$7,900,000** in annual program benefits.

ADMINISTRATIVE EXPENSES

Claims Processing and Eligibility Determination.

This bill provides up to \$800,000 in each year of the 99-01 biennium for program administrative costs to be released to the Department by the Joint Finance Committee. The Department expects to choose from one of three possible approaches for claims processing and eligibility determination functions. It is assumed that the cost to administer a required toll-free information phone line is included in these estimates. The possible approaches are:

1. Contracting solely with the Medicaid Fiscal Agent

In this option, the Department would contract with the Medicaid Fiscal Agent to do both claims processing and eligibility functions. It is estimated that **\$1,000,000** in start-up costs is needed for system modifications to the Medicaid Management Information System (**MMIS**) and the Medicaid Pharmacy Point Of Sale System (**POS**). This **funding** would pay for system changes to

program characteristics such as deductibles, co-pay and eligibility determination. This estimate is based on previous resource estimates similar programs. In addition, the on-going expense for the POS System is estimated to be \$100,000 per year. The exact cost of contracting eligibility determination functions with the Fiscal Agent is uncertain. The annual on-going expense for this option is expected to be less costly than the two other available options. However, this option has less flexibility than the following two options. Any future systems modifications, especially those that differ from the Medicaid Program will be relatively more expensive to implement.

2. Contracting solely with a Pharmacy Benefits Manager (PBM)

Under the second approach, the Department would contract with a Pharmacy Benefits Manager (PBM) for both claims processing and eligibility determination. Because PBMs already process copayments and deductibles for other insurers, it is assumed that major system changes for claims processing are not needed. It is estimated that a PBM will charge a processing fee of approximately \$.40 per transaction. Based upon the estimated 352,072 annual transactions, the annual cost of processing transactions is approximately \$140,800. In addition, it is estimated that 30,000 individuals would need eligibility determination services annually. At an estimated cost of \$20.00 per individual, it is estimated that on-going eligibility determination will cost \$600,000 annually. Although this option has higher on-going costs than Option 1, it is significantly easier and less expensive to implement changes in program specifications and does not require large one-time start up costs.

3. Contracting with both the Medicaid Fiscal Agent and a Pharmacy Benefits Manager (PBM)

In this option, the Department could contract with the Medicaid Fiscal Agent to process eligibility determination functions and contract with a PBM to do claims processing. The exact cost of contracting eligibility determination functions with the Fiscal Agent is uncertain. It is estimated that a PBM will charge a processing fee of approximately \$.40 per transaction. Based upon the estimated 352,072 annual transactions, the annual cost of processing transactions is approximately \$140,800. This option would also require additional modifications to interface the eligibility determination and claims processing systems.

STATE ADMINISTRATIVE EXPENSES.

It is estimated that 2.0 FTEs will be necessary for the Department to administer the program. Staff responsibilities include developing program policy, monitoring expenditures and eligibility determination, costs projections and contract monitoring. The estimated annual cost for the 2.0 FTE will be \$106,200.

In addition, the program will require funding for the development, publication and mailing of provider and recipient informational literature. The estimated annual cost of such publications is expected to be \$15,000.

By 8:30 a.m. Thurs.

1999 ASSEMBLY BILL

Now

Reason

1 **AN ACT to create 20.435 (4) (bv), 20.435 (4) (j) and 49.688 of the statutes;**
 2 **relating to:** prescription drug assistance for elderly persons and making
 3 appropriations.

April 1, 2001

Analysis by the Legislative Reference Bureau

\$ 7,000,000

This bill creates a program for prescription drug assistance for elderly persons in the department of health and family services (DHFS) and appropriates ~~\$7,000,000~~ in general purpose revenues in fiscal year 2000-01 for the program. Under the program, beginning ~~July 1, 2000~~, persons who are aged at least 65 years, who have been residents of this state for at least six months, who are ineligible for medical assistance and whose gross incomes are not more than 150% of the federal poverty line may apply for assistance of up to \$1,200 per year in paying for prescription drugs. Prescription drugs for which a program participant may receive coverage are those prescription drugs that are covered under the medical assistance program. Participants in the prescription drug assistance program must pay an annual enrollment fee of \$25 and copayments of \$4 for each generic prescription drug and \$8 for each brand-name drug. Under the program, DHFS is the payer of last resort for coverage for prescription drugs and must reimburse pharmacist providers at the rate under which pharmacists are reimbursed under the medical assistance program. DHFS must also maintain or contract for the maintenance of a toll-free telephone number to provide information, including application information, about the prescription drug assistance program. In addition, if prescription drug assistance for the number of eligible applicants exceeds the amounts of general

ASSEMBLY BILL

1 **20.435 (4) (bv) Prescription drug assistance for elderly; aids.** The amounts in
2 the schedule for the program for prescription drug assistance for elderly persons
3 under s. 49.688.

manufacturer rebates (I)

4 **SECTION 3.** 20.435 (4) (j) of the statutes is created to read:

5 **20.435 (4) (j) Prescription drug assistance for elderly; fees and copayments.** All
6 moneys received from payments of enrollment fees and copayments under s. 49.688
7 ~~(3)(b)~~, to be used for prescription drug assistance for elderly persons under s. 49.688.

8 **SECTION 4.** 49.688 of the statutes is created to read:

rebate payments by manufacturers under s. 49.688 (5)

9 **49.688 Prescription drug assistance for elderly persons.** (1) In this
10 section:

- 11 (a) "Brand name" has the meaning given in s. 450.12 (1) (a).
- 12 (b) "Generic name" has the meaning given in s. 450.12 (1) (b).
- 13 (c) "Poverty line" means the nonfarm federal poverty line for the continental
14 United States, as defined by the federal department of labor under 42 USC 9902 (2).

15 (2) From the appropriation under s. 20.435 (4) (bv), beginning ^{and (j)} ~~July 1, 2000~~, the
16 department shall reimburse pharmacists for the provision of up to \$1,200 of
17 prescription drugs that correspond to those prescription drugs for which
18 reimbursement is made under s. 49.46 (2) (b) 6. h., to persons who meet criteria for
19 eligibility under sub. (3). The department is the payer of last resort for coverage for
20 prescription drugs under this subsection. The payment rate for Provider reimbursement shall be ~~the~~
21 ~~rate paid for reimbursement of pharmacists under s. 49.45.~~ The department shall
22 maintain, or contract for the maintenance of, a toll-free telephone number at
23 department headquarters to provide information about the program under this
24 subsection, including information about application procedures.

and for which the manufacturer has entered into a rebate agreement with the department under sub. (5)

April 1, 2001 allowable charges under s. 49.46(2)(b)6.h. for prescription drugs

ASSEMBLY BILL

1 **(3)** (a) An individual is eligible for participation in the program under sub. (2)
2 if all of the following eligibility requirements are met:

3 1. The individual is at least 65 years of age, has been a resident of this state
4 for at least 6 months and is ineligible for medical assistance under s. 49.46, 49.465,
5 49.468 or 49.47.

6 2. The individual's gross income does not exceed 150% of the poverty line.

7 (b) Program participants shall pay all of the following:

8 1. Annually, a program enrollment fee of \$25.

9 2. A copayment of \$4 for each prescription drug provided under the program
10 that bears only a generic name.

11 3. A copayment of \$8 for each prescription drug provided under the program
12 that bears a brand name.

13 (4) If prescription drug assistance for the number of applying eligible
14 individuals under sub. (3) exceeds the amount appropriated under s. 20.435 (4) (bv)
15 and the amount available under s. 20.435 (4) (j), the department may place an
16 eligible applicant's name on a waiting list for the reimbursement program under sub.

17 (2).

INSERT
4-17 (18)

18 ~~(3)~~ Beginning in ~~2001~~²⁰⁰², the department shall annually, after consulting with
19 pharmacists and advocates for persons aged 65 or older, submit a report to the chief
20 clerk of each house of the legislature for distribution to the legislature under s.
21 13.172 (2). The report shall be on the operation of the program under this section for
22 the previous year and shall contain any recommendations for changes in the
23 program.

24 **SECTION 5. Nonstatutory provisions.**

ASSEMBLY BILL

1 (1) **PRESCRIPTION DRUG ASSISTANCE FORELDERLYPERSONS; ADMINISTRATION.** The
 2 department of health and family services may request the joint committee on finance
 3 to supplement, from the appropriation account under section 20.865 (4) (a) of the
 4 statutes, the appropriation account under section 20.435 (4) (a) of the statutes, to pay
 5 the costs of administration of the program of prescription drug assistance for elderly
 6 persons under section 49.688 of the statutes, as created by this act. If the department
 7 of health and family services requests supplementation of the appropriation account
 8 under section 20.435 (4) (a) of the statutes, the department shall submit a plan to the
 9 joint committee on finance to expend not more than ~~\$200,000~~ ^{\$1,000,000} for fiscal year
 10 1999-2000 and not more than ~~\$200,000~~ for fiscal year 2000-01. If the cochairpersons
 11 of the committee do not notify the secretary of the department within 14 working
 12 days after the date of the department's submittal that the committee intends to
 13 schedule a meeting to review the request, the appropriation account shall be
 14 supplemented as provided in the request. If, within 14 working days after the date
 15 of the department's submittal, the cochairpersons of the committee notify the
 16 secretary of the department that the committee intends to schedule a meeting to
 17 review the request, the appropriation account shall be supplemented only as
 18 approved by the committee. Notwithstanding section 13.101 (3) (a) 1. of the statutes,
 19 the committee is not required to find that an emergency exists.

20 **SECTION 6. Appropriation changes; joint committee on finance.**

21 (1) **PRESCRIPTION DRUG ASSISTANCE FOR ELDERLY; ADMINISTRATION.** In the schedule
 22 under section 20.005 (3) of the statutes for the appropriation to the joint committee
 23 on finance under section 20.865 (4) (a) of the statutes, as affected by the acts of 1999,
 24 the dollar amount is increased by ~~\$500,000~~ for fiscal year 1999-00 and the dollar
 25 amount is increased by ~~\$200,000~~ for fiscal year 2000-01 to increase funding for

^{\$1,000,000}

^{\$1,000,000}

ASSEMBLY BILL

1 administration of the prescription drug assistance for elderly program under section
2 49.688 of the statutes, as created by this act.

3 (END)

SENATE BILL 335

1 1. Twenty-five percent of the allowable charge paid under s. 49.46 (2) (b) 6. h.
2 for each prescription drug provided under the program.

3 2. A copayment of \$5 for each prescription drug provided under the program
4 that bears only a generic name.

5 3. A copayment of \$10 for each prescription drug provided under the program
6 that bears a brand name.

7 (c) No program participant may be required to demonstrate that he or she has
8 no disability insurance policy, as defined in s. 632.895 (1) (a).

9 (4) Beginning by January 1, 2001, the department shall annually by January
10 1 increase the dollar amounts specified under sub. (3) (a) 2. by a percentage equal to
11 the percentage change between the U.S. consumer price index for all urban
12 consumers, U.S. city average, for the month of December of the previous year and the
13 U.S. consumer price index for all urban consumers, U.S. city average, for the month
14 of December of the year before the previous year, as determined by the federal
15 department of labor.

16 (5) A drug manufacturer that sells drugs for prescribed use in this state shall,
17 as a condition of inclusion of those drugs in the program under this section, enter
18 with the department into a rebate agreement that is modeled on the rebate
19 agreement specified under 42 USC 1396r-8. The rebate agreement shall include all
20 of the following as requirements:

21 (a) That the manufacturer shall make rebate payments to the department each
22 calendar quarter or according to a schedule established by the department.

23 (b) That the amount of the rebate payments shall be determined by the method
24 specified in 42 USC 1396r-8 (c).

25 ~~SECTION 4. Nonstatutory provisions?~~

1999 SENATE BILL 335

January 21, 2000 - Introduced by Senators CLAUSING, WIRCH, ROBSON, RISSER, GROBSCHMIDT, BURKE, MOEN, ERPENBACH, BAUMGART, BRESKE, CHVALA, SHIBILSKI, DRZEWIECKI and DARNING, cosponsored by Representatives WAUKAU, KRUSICK, HASENOHRL, LA FAVE, KREUSER, GRONEMUS, SCHOOFF, MUSSER and PETTIS. Referred to Health, Utilities, Veterans and Military Affairs.

1 **AN ACT** to create 20.435 (4) (bv), 20.435 (4) (j) and 49.688 of the statutes;
2 relating to: prescription drug assistance for elderly persons and making
3 appropriations.

Analysis by the Legislative Reference Bureau

This bill creates an entitlement program for prescription drug assistance for elderly persons in the department of health and family services (DHFS) and a sum sufficient appropriation of general purpose revenues for the program. Under the program, beginning January 1, 2001, state residents who are aged at least 65 years, who are ineligible for medical assistance and whose gross incomes, if single, are not more than \$50,000 or, if married, are not more than \$75,000 per couple, as annually indexed for inflation, may apply for assistance of up to \$10,000 per year in paying for prescription drugs. Prescription drugs for which a program participant may receive coverage are those prescription drugs that are covered under the medical assistance program. Participants in the prescription drug assistance program must pay 25% of the cost of the prescription drug, at the rate under which pharmacists are reimbursed under the medical assistance program, plus copayments of \$5 for each generic prescription drug and \$10 for each brand-name drug. Under the program, DHFS is the payer of last resort for coverage for prescription drugs and must reimburse pharmacist providers at the rate under which pharmacists are reimbursed under the medical assistance program. DHFS must also maintain or contract for the maintenance of a toll-free telephone number to provide application information about the prescription drug assistance program. In order for drugs

SENATE BILL 335

manufactured by a manufacturer doing business in this state to be included in the program, the manufacturer must enter with DHFS into a rebate agreement that is modeled on rebate agreements under federal medicaid law. The rebate agreement must provide that the manufacturer make payments to DHFS each calendar quarter or as scheduled by DHFS and that the rebate payment amounts be determined by the method specified in federal medicaid law. ~~The bill appropriates \$1,000,000 in general purpose revenues in fiscal year 1999-2000 to the general program supplementation appropriation account of the joint committee on finance (JCF) and requires DHFS to submit to JCF a plan for expenditure of these funds for administration of the prescription drug assistance program. If the cochairpersons of JCF do not notify the secretary of health and family services of the committee's intent to schedule a meeting to review the plan, JCF must supplement the DHFS general program operations appropriation account as provided in the DHFS plan. If the cochairpersons of JCF notify the secretary of health and family services that JCF intends to schedule a meeting to review the plan, the DHFS appropriation account may be supplemented only as approved by JCF.~~

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1. 20.435 (4)** (bv) of the statutes is created to read:

2 **20.435 (4) (bv) Prescription drug assistance for elderly; aids.** A sum sufficient
3 for the program for prescription drug assistance for elderly persons under s. 49.688.

4 **SECTION 2. 20.435 (4) (j)** of the statutes is created to read:

5 **20.435 (4) (j) Prescription drug assistance for elderly; manufacturer rebates.**
6 All moneys received from rebate payments by manufacturers under s. 49.688 (5), to
7 be used for prescription drug assistance for elderly persons under s. 49.688.

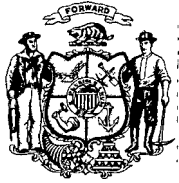
8 **SECTION 3. 49.688** of the statutes is created to read:

9 **49.688 Prescription drug assistance for elderly persons.** (1) In this
10 section:

11 (a) "Brand name" has the meaning given in s. 450.12 (1) (a).

12 (b) "Generic name" has the meaning given in s. 450.12 (1) (b).

End of INSERT A



STEPHEN R. MILLER
CHIEF

State of Wisconsin

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FISCAL ESTIMATES

BILL NUMBER:
ASSEMBLY BILL 705

Note: The analysis of this bill states that a fiscal estimate was required for this bill. A request was made through the department of administration to have a fiscal estimate prepared. The agency(s) assigned to prepare a fiscal estimate for this bill did not return an estimate for this bill so none are included in this file.