

**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRBs0335/1dn

DAK:wlj:ch

February 28, 2000

To Representative Krusick:

1. Several questions remain concerning the process by which persons obtain reduced drug charges under this draft:

a. Obviously, the payment structure is an annual one; does the annual period correspond to a calendar year or is it somehow prorated for someone who begins buying drugs in, for instance, April? I have drafted a calendar year period with no mention of proration.

b. After a person reaches the \$6,250 cap, must the person then pay 100% of the cost under the program (AWP minus 10%, plus a dispensing fee and, if applicable, a monthly deductible) or 100% of the pharmacy's retail price? I have drafted the latter and have assumed that the monthly deductible no longer applies.

2. This bill creates no incentive or requirement that manufacturers enter into rebate agreements. Without either, it is unlikely that they will do so.

3. I did not know when the expanded MA eligibility should take effect. For simplicity's sake, I made it effective January 1, 2001, and halved the estimated GPR annual increase.

4. The CWAG proposal requires that the program pay 50% of the first drug costs, after the discount has been subtracted and the deductible added. In effect, that means that the program participant is actually paying a deductible of \$20, rather than \$40. I have, in the interests of time, drafted the bill as CWAG has proposed, but I'm not sure it's the result you want. Does the DHFS analysis of the CWAG proposal reflect this halving of the monthly deductible? Also, it's unclear under the proposal whether the pharmacy forwards to the department the entire \$40, for payback by the department later, or not; I have drafted a requirement that the pharmacy do so.

5. Does a program participant owe \$40 for a month of a year in which he or she purchased no drugs?

6. This proposal does not include a waiting list. Should it?

7. Since the rebate amount is so uncertain (see number 2., above), I am very uncertain if the figure in the schedule for s. 20.435 (4) (bv) is correct.

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