LRB-4189

1999 DRAFTING REQUEST

Bill

Received: **01/10/2000**

Received By: **kenneda**

Wanted: **Soon**

Identical to LRB:

For: **Charles Chvala (608) 266-9170**

By/Representing: **Doug Burnett**

This file may be shown to any legislator: **NO**

Drafter: **kenneda**

May Contact: **LFB, Melissa White (Moen's offic**

Alt. Drafters:

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

Extra Copies:

Pre Topic:

No specific pre topic given

Topic:

Prescription Drug Benefit Plan for Seniors

Instructions:

See Attached

Drafting History:

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/?	kenneda 01/20/2000	wjackson 01/21/2000		_____ _____			S&L
/1			haugeca 01/21/2000	_____ _____	lrb_docadmin 01/21/2000	lrb_docadmin 01/21/2000	

FE Sent For: 01-21-00

<END>

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Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/?	kenneda		CH RM 1-21	CH RM 1-21			

FE Sent For:

<END>

Kennedy, Debora

From: Burnett, Douglas
Sent: Monday, January 10, 2000 4:17 PM
To: Kennedy, Debora
Cc: White, Melissa
Subject: Prescription Drug Program Drafting

Debora-Here are the drafting instructions. You are also authorized to discuss the draft with Melissa White from Sen. Moen's office, as well as LFB staff. Thanks!

Initial Drafting Instructions....

DRAFTING INSTRUCTIONS
Wisconsin Prescription Drug Benefit Plan for Seniors

Create a Wisconsin Prescription Drug Program in DHFS as follows:

- Up to $1,500 per enrollee in annual prescription drug coverage
- Reimbursement payments to pharmacists would be the MA rate
- Residents age 65 and older who are Medicare-eligibile qualify; however, medicaid-eligibles would not qualify
- The formulary would be the same as under the Medicaid program
- Income limit of $50,000 for a single person and $75,000 for a married couple
- Copayments of $5 for generic drugs and $10 for brand-name drugs
- Draft as a sum sufficient entitlement program
- Make DHFS the payer of last resort
- Begin program on 7-1-00
- Require DHFS to establish and maintain a toll-free hotline to provide application information
- Provide $1 million GPR in one-time funding to the JCF in 1999-2000 for release to DHFS for start-up costs for the program. Allow JCF to approve DHFS staffing and administration plan to begin program on July 1, 2000.

Kennedy, Debora

From: Burnett, Douglas
Sent: Monday, January 10, 2000 4:33 PM
To: White, Melissa; Kennedy, Debora
Subject: Prescription drugs 2

This is slightly modified: I forgot to index the income limits....

Initial Drafting Instructions....

DRAFTING INSTRUCTIONS
Wisconsin Prescription Drug Benefit Plan for Seniors

Create a Wisconsin Prescription Drug Program in DHFS as follows:

- Up to ~~$1,500~~ $10,000 per enrollee in annual prescription drug coverage
- Reimbursement payments to pharmacists would be the MA rate
- Residents age 65 and older who are Medicare-eligibile qualify; however, medicaid-eligibles would not qualify
- The formulary would be the same as under the Medicaid program
- Income limit of $50,000 for a single person and $75,000 for a married couple, indexed to inflation
- Copayments of $5 for generic drugs and $10 for brand-name drugs, plus 25% of MA cost
- Draft as a sum sufficient entitlement program
- Make DHFS the payer of last resort
- Begin program on ~~7-1-00~~ 1/1/01
- Require DHFS to establish and maintain a toll-free hotline to provide application information
- Provide $1 million GPR in one-time funding to the JCF in ~~1999-2000~~ 2000-2001 for release to DHFS for start-up costs for the program. Allow JCF to approve DHFS staffing and administration plan to begin program on ~~July 1, 2000~~ January 1, 2001.

1/13/00: Penciled - in changes from telephone conversation w/ Doug Burnett

1/19 Questions of Charlie Morgan: 42 USC 1396r-8 & OBRA 90

(1) How does rebate work?

Manuf. must rebate to the state an amount that equals the MA Program will cover all drugs under MA manuf by firms that have entered into rebate agreement with DHFS for this program. Drugs covered under prog. are those under at same discount & under fed law / rebate

(2) How does 25% of cost plus copayments work?

* It's 25% of total Medicaid rate plus copaymt

✓ (3) Should administration decision be reqd. to include review of other states + feasibility of King w/ state's MA fiscal agent to administer?

* Yes

✓ (4) Does proposal require that person have no coverage? Seems not to be of payor of last resort

* Need not demonstrate that have no coverage

PE – manuf rebate amt.

✓ Admin money is in biennial approp, so 1999-2000 alloc. is fine

No benefits may be paid before Jan 1, 2001.

1/20 Further questions of Charlie Morgan:

Should the $10,000/person reimbursement be written to be less the amount of the 25% + copayments? (NO)

Do the pharmacists send in the 25% + copayments to DHFS, i.e., is a program revenue approp. necessary for this – a request that they do so? (NO)

If so, combine with rebate payments? X

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

January 19, 2000

TO: Senator Alice Clausing
Room 319 South, State Capitol

FROM: Charles Morgan, Program Supervisor

SUBJECT: Prescription Drug Coverage Proposal

In response to your request, this memorandum provides a summary of your proposal that would reduce the costs of prescription drugs for most Wisconsin residents over the age of 65. The memorandum also provides information on the current costs and utilization of drugs by this population, which provides the basis of the cost estimate for the proposal.

Background

Medicare does not currently provide coverage for outpatient prescription drugs. However, some Medicare beneficiaries obtain coverage for prescription drugs through several options, which are described below.

Medigap Policies. Some Medicare beneficiaries purchase limited supplemental drug coverage through "Medigap" policies. The Office of the Commissioner of Insurance (OCI) establishes, by rule, and, in conformance with federal requirements, minimum coverage requirements for basic Medicare supplement coverage, additional coverage provided under separate riders and "high deductible drug plans." First, every basic Medicare supplemental policy must provide coverage for at least 80% of the charges for outpatient prescription drugs after the beneficiary pays a deductible of up to $6,250 in any calendar year. Thus, every Medigap policy provides coverage for individuals with very high drug expenses, but only after the $6,250 deductible is met. These minimum coverage requirements apply to Medigap policies issued on or after September 1, 1994.

Second, any outpatient prescription drug rider on a Medigap policy must cover at least 50% of the charges for outpatient prescription drugs after the beneficiary pays a deductible of up to $250 per calendar year, to a maximum of at least $3,000 in benefits for the insured per year. However, few Medigap policies available in Wisconsin offer a prescription drug rider. As of July 1, 1999,

one of 27 individual Medigap policies and one of five group Medigap policies that were available to Wisconsin residents offered a Medigap rider. The annual cost of the rider for these two policies ranged from $557 for a female between the ages of 65 and 69, to $1,243 for a male over the age of 80. Because these policies require beneficiaries to share, to a large extent, in the cost of the benefit with high premium costs and significant deductibles and cost sharing, they are not attractive to beneficiaries with average drug expenses. Further, such policies may be subject adverse selection, which may be reflected in the premiums assessed for such plans. Finally, while elderly Medicare beneficiaries are guaranteed a six-month open enrollment period when they first enroll in Medicare Part B after they attain the age of 65, after that first open enrollment period, insurers can refuse to issue Medigap policies on the basis of age or health status and can impose preexisting condition exclusion period or refuse to cover certain conditions at all.

Third, any Medicare supplement "high deductible drug plan" must pay 100% of specified benefits, including the minimum benefit provided under any prescription drug rider. In 1999, the deductible for the "high deductible drug plan" was established by rule at $1,500, which will increase annually to reflect changes in the consumer price index. OCI is currently reviewing a policy for the "high deductible drug plan" that Guaranteed Trust Life has submitted for the agency's approval. If approved, this would be the only "high deductible drug plan" policy available to Wisconsin residents.

Medicare + Choice Options. Medicare recipients can enroll in a variety of Medicare+Choice options, which offer Medicare-covered services through managed care systems. Some of these plans offer reduced copayments and benefits, such as coverage for prescription drugs, which are not available to other Medicare beneficiaries.

Retiree and Veterans Benefits. In addition to purchasing Medigap supplement policies, Medicare beneficiaries may have coverage for prescription drugs as part of the health care benefits a retiree may receive from a former employer. Some beneficiaries with a military service connection receive coverage through programs administered by the U.S. Department of Veterans Affairs or Department of Defense. Most Medicare beneficiaries who have drug coverage have coverage through employer-sponsored plans.

Medicaid "Duel Eligibles." Certain low-income Medicare beneficiaries have coverage for prescription drugs because they also qualify for Medicaid, which offers a comprehensive pharmacy benefit. As of December, 1999, approximately 63,700 of 438,700 Wisconsin MA recipients were 65 years of age or older. However, not all of these MA recipients have prescription drug coverage, because the number includes "qualified Medicare beneficiaries" and "special low-income Medicare beneficiaries," for whom the state pays certain Medicare premiums, coinsurance and deductibles. After subtracting the number of individuals in these groups (4,500), it is estimated that approximately 59,200 Wisconsin residents over the age of 65 currently have MA coverage for prescription drugs.

Current Estimates of Coverage and Utilization

Coverage. It is estimated that there are currently 700,000 Wisconsin residents who are 65 years of age or older. Although it is not known how many of these individuals currently have coverage for prescription drugs, in an article published in the Spring, 1999 Health Care Financing Review, Poisal, Murray et. al. indicated that, in 1995, approximately 35.5 percent of all Medicare beneficiaries over the age of 65 did not have any health care coverage for prescription drugs. If this percentage is applied to the current estimate of the number of Wisconsin residents over the age of 65, it is estimated that approximately 248,500 Wisconsin residents over the age of 65 do not currently have any coverage for drugs. Virtually all persons who have drug coverage must pay part of the costs of the benefits offered under their plans, either with copayments, deductibles, or both.

Poisal, Murray et. al showed that the largest source of drug coverage for this population is employer-sponsored plans, which account for approximately 44 percent of all persons who have this coverage. MA and individually purchased plans account for 17 percent and 16 percent of all persons who have this coverage, respectively.

Utilization. Although it is not known what the actual average expenditure for prescription drugs is for persons over the age of 65, it is possible to estimate these average costs through a variety of methods. Based on national data, Poisal et. al. determined that, in 1995, per capita drug spending for beneficiaries with prescription drug coverage was $689 and the average per capita drug spending beneficiaries without prescription drug coverage was $432. However, the researchers found that the average amount of total drug spending varied widely based on several factors, including health status, whether the person was disabled and whether the person was enrolled in a Medicare+Choice plan. If the 1995 estimate of the average per capita spending for persons with drug coverage is inflated by the average increase in the average cost of drugs for elderly MA recipients in Wisconsin during that period (12 percent per year), an estimate of the current average annual cost of drugs for individuals would be approximately $1,200.

A second method of estimating average drug costs for Wisconsin residents over the age of 65 is to use claims data for noninstitutionalized MA recipients. In the 1998-99 fiscal year, MA paid $15,892,100 to support prescription drug costs for an average of 14,515 noninstitutionalized MA recipients over the age of 65, which would yield an average annual cost per recipient of approximately $1,100. Because MA rates paid to providers in Wisconsin are approximately 23 percent less than the providers' usual and customary charges, the average value of the benefit, based on providers' usual and customary charges, would be approximately $1421 per year. However, because it is likely that the MA noninstitutionalized population over the age of 65, as a group, is less healthy than the non-MA population over the age of 65, it would be reasonable to reduce this estimate of the value of these drugs somewhat to better reflect the health status of the broader population of Wisconsin residents over the age of 65.

For the purposes of preparing the estimate described in this memorandum, it is assumed that the current average annual cost of drugs for Wisconsin residents over the age of 65 is $1,200. based on pharmacies' usual and customary charges. However, the average cost per enrollee would be approximately 23 percent less ($924 per beneficiary per year) if the program reimbursed pharmacies based on the current MA rates. This average cost estimate is fairly close to an estimate of $942 per beneficiary per year that was developed for the Academy of Actuarial Research Corporation, using data from the 1995 Medicare Current Beneficiary Survey, projected forward to 1999.

Issues Relating to All Pharmacy Assistance Proposals

In developing a cost estimate for establishing a state pharmacy assistance program, it is important to recognize the limitations on data and, as a result, the uncertainty of these estimates. The following section describes some of the issues and assumptions relating to the proposal.

Income Distribution of Elderly Population. The Social Security Administration's Office of Research, Evaluation and Statistics provides a source of information for the income of persons over the age of 65. The information in its report, Income of the Population 55 or Older, 1996 can be used to used to estimate the distribution of income among individuals by age and living situation. (The report provides income data for individuals over the age of 65, as well as for individuals over the age of 55.) For the purpose of preparing the cost estimate for the proposal described in this memorandum, information from this source was applied to the Wisconsin population of persons over the age of 65 to yield an estimate of the number of persons who would be eligible for the pharmacy assistance program described in this memorandum.

Pharmacy Reimbursement Rates. Under the MA program, DHFS pays pharmacists a rate for most prescriptions equal to the average wholesale price (AWP) less 10%, plus a dispensing fee of $4.38 per prescription. Pharmacies that participate in the state's health insurance risk-sharing plan (HIRSP) receive the same rate. Most states that have established pharmacy assistance programs reimburse pharmacies at the state's MA rate.

For the purpose of preparing the estimate described in this memorandum, it is assumed that the program would pay pharmacies for services at the MA rate, rather than pharmacies' usual and customary charges. During the past three fiscal years, pharmacists have been paid an average of 76.6 percent of their total usual and customary charges for pharmacy products provided to MA recipients. In other words, MA rates paid to pharmacists are, on average, approximately 23 percent lower than the pharmacists' usual and customary charges identified on their reimbursement claims.

If it is assumed that the $1,200 average cost of drug coverage represents costs based on the pharmacists' usual and customary charges, this amount can be reduced by 23 percent to $924 to represent the average annual costs per enrollee of a pharmacy assistance program that provides payments to pharmacists based on the current MA reimbursement rate. Similarly, if a proposal were enacted that paid pharmacists their usual and customary charges, the estimate of benefits costs provided in this memorandum should be increased by approximately 23 percent.

Drug Rebate. Under federal MA law, pharmaceutical manufacturers must enter into rebate agreements with the federal government in order for their products to eligible for coverage under the MA program. The rebate program was enacted to ensure that the MA program received the same discounts that drug manufacturers had been granting to other high-volume purchasers, such as hospitals, health maintenance organizations and drug store chains. In 1998-99, MA spending for drugs totaled approximately $259.3 million (all funds), and the state received drug rebates totaling $49.3 million (all funds). Thus, the state received a rebate that equaled approximately 19 percent of the total expenditures.

It may be possible to create a pharmacy benefits program for the Medicare population in Wisconsin that requires manufacturers to enter into an agreement with the state to rebate a portion of the costs of the drugs purchased under the plan. For this reason, two estimates are provided for the proposal described in this memorandum. The lower cost estimate assumes that the state would enter into a rebate agreement with drug manufacturers as the federal government has entered into such agreements under the MA program, and that the rebate amount would equal 19 percent of the total costs of drugs provided under the program.

Primary Coverage vs. Wrap-Around Coverage. A proposal to create a pharmacy assistance program should clearly indicate whether the benefit would be available to individuals who currently have no drug coverage, or whether individuals with some drug coverage could enroll in the program in order to pay out-of-pocket costs, including copayments and deductibles, required by those plans. This distinction significantly affects the costs of the proposal. For example, a proposal that limits eligibility to individuals without any drug coverage would, based on the current estimate, provide benefits to approximately 35.5% of the Wisconsin population over the age of 65 that meet financial eligibility requirements for the program. However, a proposal that provides coverage for costs not covered by other plans would provide a benefit to nearly all Wisconsin residents over the age of 65, other than individuals covered under the MA program, who may be required to pay nominal copayments for drugs. The estimate contained in this memorandum assumes that individuals could enroll in the program to partially pay for expenses that they currently pay as out-of-pocket expenses.

"Crowd Out." Although it would be possible to create a program that would provide prescription drug coverage only for persons without any current coverage, it is likely that some individuals who currently pay for this coverage through Medigap prescription drug riders would discontinue those riders if a state program were enacted. Similarly, businesses that currently offer a prescription drug plan to their retirees may discontinue this benefit. This phenomenon, which is commonly called "crowd out," would increase future state program costs.

Administration. At this time, it is not known what the cost of administering a pharmacy assistance program would be. For example, individuals could enroll in the program through county income maintenance offices, in a manner similar to the way in which individuals enroll in other health and social services programs, such as MA, BadgerCare and food stamps. Alternatively, persons could enroll in the program by submitting an application and any necessary documentation to the administering agency, or an entity under contract with that agency. In order to recognize the

one-time and on-going costs of administering the program, a proposal could be developed that would provide a specified amount, such as $1 million in both 1999-00 and 2000-01, to the Joint Committee on Finance Committee's program supplements appropriation. This amount, or some portion of it, could be released by the Committee once the administering agency provides a recommendation on how the program should be administered, based on a review of possible options, including a review of other states' pharmacy assistance programs and the feasibility of contracting with the state's MA fiscal agent to administer the program.

Description and Cost Estimate of the Proposal

Under the proposal, individuals over the age of 65 in families with income up to $50,000 and couples with income up to $75,000 would be eligible for coverage of drug expenses not paid by other sources. The income eligibility limit would be increased annually, beginning January 1, 2001, to reflect changes in the consumer price index. The program would begin January 1, 2001.

The benefit would be limited to $10,000 per enrollee in any year. The state would be a "payer of last resort" so that if the enrollee has access to any other coverage for prescription drugs, the state program would only pay expenses not covered by these other sources, but could be used to pay deductibles and copayments. All drugs covered under the state's MA program would be covered under the new program. Enrollees would be responsible for paying 25 percent of the cost of drugs purchased under the program. In addition, enrollees would pay copayments equal to $5 for generic drugs and $10 for brand-name drugs for each drug purchased under the program.

Pharmacists would be paid rates equal to the current MA reimbursement rates for pharmacy products. Funding for the program would be provided in a new, sum sufficient appropriation. Individuals who are determined to be eligible for the program would be entitled to coverage under the program.

The proposal would provide $1 million GPR in 1999-2000 in the Joint Committee on Finance's program supplements appropriation to fund DHFS start-up and administrative costs for the program. The Committee could release up tot his amount once DHFS submits a plan describing staffing and administration for the program. In addition, DHFS would be required to establish and maintain a toll-free hotline to provide information for individuals who may wish to enroll in the program.

It is estimated that approximately 86.9 percent of Wisconsin's 700,000 residents who are over the age of 65 live in households with annual income less than the specified income eligibility limits. Consequently, approximately 608,300 Wisconsin residents would qualify for coverage under the program. It is assumed that 35.5 percent of these individuals have no drug coverage (215,900) and the average cost of providing coverage to this population would be approximately $693. (This amount is reduced from $924 to reflect that enrollees would be required to pay 25 percent of the costs of all drugs purchased under the program.) It is further assumed that the rest of the eligible population, less individuals eligible for MA (392,400 - 59,200 = 333,200) would have average annual costs of $251 covered under the program. Consequently, the annual program expenditures would be approximately $233 million [(215,900 enrollees x $693 per enrollee) +

(333,200 enrollees x $251 per enrollee)]. This amount could be reduced by 19 percent to $189 million if the state were able to enter into rebate agreements with pharmacy manufacturers. In addition, a portion of these costs would be offset by revenue from copayments (approximately $74 million annually), so that the net annual benefits costs would be $159 million without the rebate or $115 million with the rebate.

This estimate is based on an assumption that 100 percent of individuals who are eligible for the program would actually enroll in the program. If it were assumed that 75 percent of estimated number of persons who are eligible for the program would enroll in the program, the first-year annual costs would be approximately $119 million without the rebate or $86 million with the rebate. Based on the January 1, 2001, start date, one-half of this amount could be budgeted in 2000-01 ($60 million without the rebate and $43 million with the rebate).

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

CM/dls

FRIDAY by 11:00 a.m., if possible

4189/1

1999 – 2000 LEGISLATURE

LRB-~~3557/2~~

DAK:~~wlj:jf~~ stays

a sum sufficient appropriation of

D-NOTE

1999 ASSEMBLY BILL

, if single,

an entitlement

January 1, 2001, state residents

Regen

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

$10,000

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, beginning ~~July 1, 2000,~~ persons who are aged at least 65 years, ~~the 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 $25 and~~ copayments of ~~$~~ for each generic prescription drug and ~~$~~ 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~~

$50,000 or, if married, are not more than $75,000 per couple, as annually indexed for inflation,

$10

$5

25% of the cost of the prescription drug, at the rate under which ~~rate under which~~ pharmacists are reimbursed under the medical assistance program, plus

$1,000,000 INSERT A

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. 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. The bill appropriates ~~$800,000~~ in general purpose revenues in ~~each~~ 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:

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

			1999–00	2000–01
20.435	**Health and family services, department of**			
(4)	HEALTH SERVICES PLANNING, REGULATION AND DELIVERY; HEALTH CARE FINANCING			
(bv)	Prescription drug assistance for elderly; aids	GPR S	–0–	~~$800,000~~ $1,000,000

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

A sum sufficient

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

rebate payments by manufacturers under s. 49.688 (5) ✓

1 manufacturer rebates

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

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

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

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

and (j)

January 1, 2001

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

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

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

INSERT 8-14

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

$10,000 per year

a

persons

The payment rate for

participation in

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

allowable charges paid under s. 49.46 (2)(b) 6. h. for prescription drugs

the individual meets

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

1. The individual is at least 65 years of age, ~~has been~~ is a resident, as defined in s. 27.01 (10)(a), of this state ~~for at least 6 months~~ and is ineligible for medical assistance under s. 49.46, 49.465, 49.468 or 49.47.

INSERT 4-6

If single,

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

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

1. ~~Annually, a program enrollment fee of $25.~~

INSERT 4-8

$5

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

$10

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

(4) If prescription drug assistance for the number of applying eligible individuals under sub. (3) exceeds the amount appropriated under s. 20.435 (4) (bv) and the amount available under s. 20.435 (4) (j), the department may place an eligible applicant's name on a waiting list for the reimbursement program under sub. (2).

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

SECTION 5. Nonstatutory provisions.

INSERT 4-23

(1) PRESCRIPTION DRUG ASSISTANCE FOR ELDERLY PERSONS; ADMINISTRATION. The department of health and family services may request the joint committee on finance to supplement, from the appropriation account under section 20.865 (4) (a) of the statutes, the appropriation account under section 20.435 (4) (a) of the statutes, to pay the costs of administration of the program of prescription drug assistance for elderly persons under section 49.688 of the statutes, as created by this act. If the department of health and family services requests supplementation of the appropriation account under section 20.435 (4) (a) of the statutes, the department shall submit a plan to the joint committee on finance to expend not more than ~~$800,000~~ $1,000,000 for fiscal year 1999–2000 ~~and not more than $800,000 for fiscal year 2000–01~~. If the cochairpersons of the committee do not notify the secretary of the department within 14 working days after the date of the department's submittal that the committee intends to schedule a meeting to review the request, the appropriation account shall be supplemented as provided in the request. If, within 14 working days after the date of the department's submittal, the cochairpersons of the committee notify the secretary of the department that the committee intends to schedule a meeting to review the request, the appropriation account shall be supplemented only as approved by the committee. Notwithstanding section 13.101 (3) (a) 1. of the statutes, the committee is not required to find that an emergency exists.

SECTION 6. Appropriation changes; joint committee on finance.

(1) PRESCRIPTION DRUG ASSISTANCE FOR ELDERLY; ADMINISTRATION. In the schedule under section 20.005 (3) of the statutes for the appropriation to the joint committee on finance under section 20.865 (4) (a) of the statutes, as affected by the acts of 1999, the dollar amount is increased by ~~$800,000~~ $1,000,000 for fiscal year 1999–00 and the dollar amount is increased by ~~$800,000~~ $1,000,000 for fiscal year 2000–01 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.

(END)

D-NOTE

INSERT A

In order for drugs 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.

INSERT 3-14

¶ (c) "Gross income" means all income, from whatever source derived and in whatever form realized, whether in money, property or services.

¶ (d) "Prescription drug" has the meaning given in s. 450.01 (20).

INSERT 4-6

$50,000 or, if married, the couple's gross income does not exceed $75,000. These limitations shall be annually adjusted as specified in sub. (4).

INSERT 4-8

not Twenty-five per cent of the allowable charge paid under s. 49.46 (2) (b) 6. h. for each prescription drug provided under the program.

(INSERT 4-23)

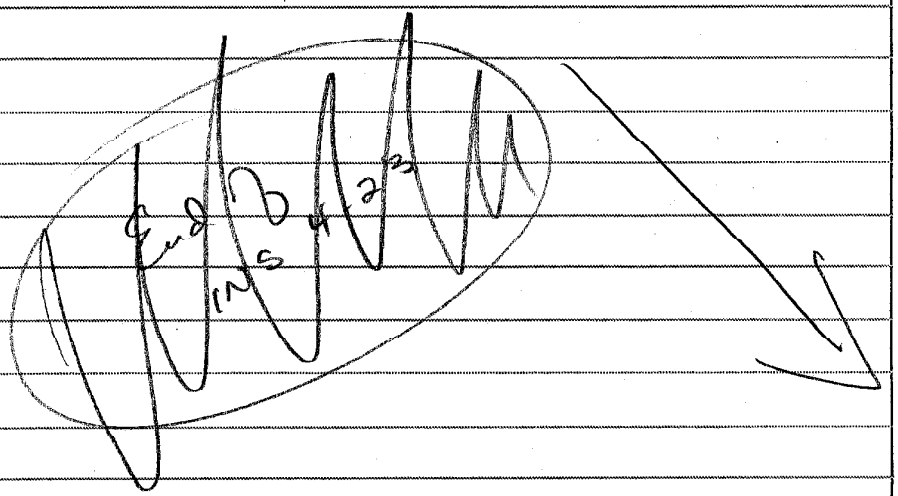
(p. 173)

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

(INSERT 4-23)

(p. 20 3)

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



INSERT 4-23

p. 38 of 3

STATE OF WISCONSIN – LEGISLATIVE REFERENCE BUREAU – LEGAL SECTION
(608–266–3561)

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

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

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

End of 4-23
MS

[INSERT 5-10]

no # The plan shall be based on a review by the department of health and family services of the pharmacy assistance programs of other states and the feasibility of contracting with the medical assistance fiscal agent for this state to administer the program under section 49.688 of the statutes, as created by this act.

D-NOTE

To Senator Chvala:

Is the definition of "resident" in s. 49.688 (3)(a) 1. what you want? Possible alternatives to the definition under s. 27.01 (10)(a), stats., that is cited in that subdivision would be the definition under s. 29.001 (69) or 949.035 (3), stats. Another possibility would be a provision similar to the requirement under s. 610.70 (1)(b), stats.

DAK

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB–4189/1dn
DAK:wlj:km

January 21, 2000

To Senator Chvala:

Is the definition of "resident" in s. 49.688 (3) (a) 1. what you want? Possible alternatives to the definition under s. 27.01 (10) (a), stats., that is cited in that subdivision would be the definition under s. 29.001 (69) or 949.035 (3), stats. Another possibility would be a provision similar to the requirement under s. 610.70 (1) (b) stats.

Debora A. Kennedy
Managing Attorney
Phone: (608) 266–0137

Barman, Mike

From: Burnett, Douglas
Sent: Friday, January 21, 2000 11:49 AM
To: Barman, Mike
Subject: LRB-4189/1--prescription drugs

Mike-Could I please get an electronic version of this bill that Debora Kennedy just got out for us? Thanks!

Barman, Mike

From: Barman, Mike
Sent: Friday, January 21, 2000 12:18 PM
To: Burnett, Douglas
Cc: Kennedy, Debora
Subject: LRB 99-4189/1 (per your request)


99-4189/1


99-4189/1dn

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
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