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FINAL REPORT
OF THE
SENATE STUDY COMMITTEE FOR DEVELOPING
A FEDERALLY FUNDED PRESCRIPTION
DRUG BENEFIT FOR SENIORS

COMMITTEE MEMBERS:

Senator Tate of the 38th, Chairperson

Senator Price of the 56th, Senator Ragan of the 11th,

Senator Stokes of the 43rd and Senator Thomas of the 10th

2001

Prepared by the
Office of Senate Research

CREATION AND DUTIES

The Senate Study Committee on a Federally Funded Prescription Benefit for Seniors was created by Senate Resolution 262 and appointed by Lieutenant Governor Mark Taylor. The Committee was charged with conducting a study of viable solutions to offer elderly Georgians affordable pharmaceutical costs.

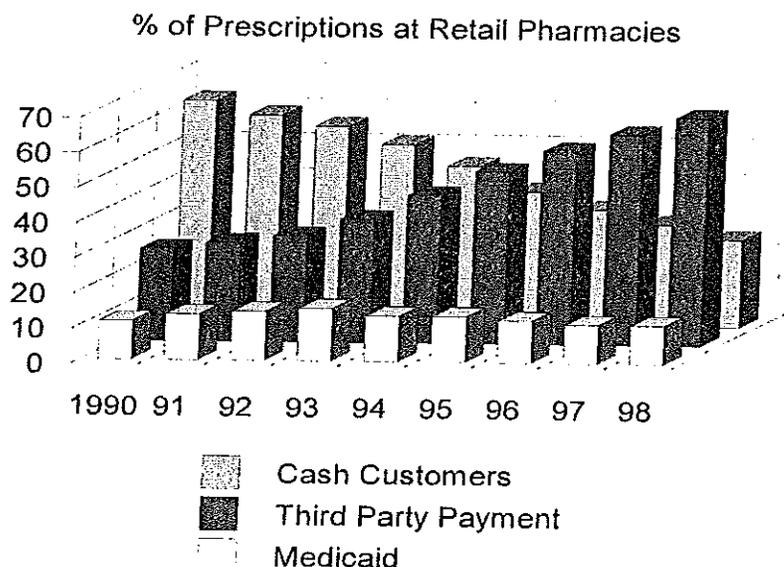
The Lieutenant Governor appointed Senator Tom Price, Senator Harold Ragan, Senator Connie Stokes, Senator Nadine Thomas and Senator Horacena Tate as committee members, with Senator Horacena Tate serving as Committee Chair. The legislative staff members assigned to the committee included: Clemmie Riggins, Legislative Assistant to Senator Tate; Dodie Lawton, Office of Senate Research; and Sandy Laszlo, Office of Legislative Counsel.

SCOPE OF THE COMMITTEE

The focus of the committee was to examine prescription drug coverage for the elderly and disabled "who use a disproportionately high volume of prescriptions."¹ These populations are more likely to have multiple conditions treated with pharmaceuticals.

The committee held three public hearings: Savannah on July 16, 2001 and Atlanta on August 7, 2001 and October 18, 2001. During the public hearings, the committee heard from various consumers, advocates and providers with knowledge and expertise in the areas of concern.

INTRODUCTION



There are three different payment sources from prescription drug purchases, 1990-1998. *Department of Health and Human Services, Office of Assistant Secretary for Planning and Evaluation (2000).*

¹Brian Bruen and John Holahan, *Medicaid Spending Growth Remained Modest in 1998, But Likely Headed Upward* (Washington, D.C.: The Henry J. Kaiser Family Foundation, February 2001).

Pharmaceutical drug coverage has become an increasingly important part of health care. To a large extent, this trend is due to the introduction of new drugs that prolong life, improve the quality of life or replace more intensive and more expensive medical treatments.² Just as there are different kinds of pharmacies and institutions that buy drugs, different revenue sources pay for drugs. The elderly are a percentage of our population that live on a fixed income and are on Medicare which does not offer a prescription drug benefit. The government states that 27 percent of the 40 million Medicare beneficiaries have no prescription drug coverage even though most of the beneficiaries take more than five medications per day. According to a recent study, seniors enrolled in Medicare without a prescription drug benefit fill fewer prescriptions than beneficiaries with drug coverage.

SUMMARY OF FINDINGS AND COMMITTEE RECOMMENDATIONS

MedBank

During the Savannah meeting on July 16, 2001, the committee heard testimony from Holly Smith, Executive Director, MedBank Foundation Inc. MedBank Foundation, Inc. is a 501(c)(3) volunteer organization that makes prescription medications available to the elderly, disabled and uninsured residents of Chatham and Effingham counties. "MedBank helps people access drug manufacturers' patient assistance programs to obtain prescription medications free-of-charge." MedBank staff and 55 volunteers provide an invaluable service to the community by filling out applications for prescription drugs to which residents would otherwise not have access. The signed and processed applications are mailed to the pharmaceutical companies and the physician receives a 30-90 day supply of the medication who in turn provides it to the patient. "MedBank's work reduces the incidence of emergency room visits, hospital and nursing home admissions attributable to involuntary non-compliance of medications. It increases self-sufficiency among senior citizens and the disabled. Since 1994, MedBank has assisted over 5,000 people."

The MedBank of Maryland Inc., now funded in part with state funds authorized in 2001, is the Central Coordinating Office for the statewide expansion and the Regional Coordinating Office for the Baltimore Metro area. The Maryland MedBank Program has a goal of serving 20,000 patients this fiscal year. The Maryland MedBank Program is administered by the Maryland Health Care Foundation with funding through the Maryland Department of Health and Mental Hygiene.³

It is a recommendation of this committee to develop five MedBank replication sites around the state. The total cost of one site for 12 months is approximately \$147,913.00 with monthly expenses estimated at \$8,773.00. In September of 2001, MedBank was awarded one of nine RFPs accepted by the Department of Community Health to help assist the uninsured.

²The Policy Book: AARP Public Policies 2001, 6-122.

³[Http://www.medbankmd.org](http://www.medbankmd.org)

Pharmacy Benefit Managers (PBMs)

In the private sector, health insurers have become more active in managing their prescription drug benefits. Many insurers have turned to pharmacy benefit managers (PBMs) and mail-order pharmacies to help administer prescription drug benefits and/or reduce the costs of prescription drugs.⁴ Pharmacy Benefit Managers are private third parties that manage drug benefits for large groups of individuals, such as enrollees, in an insurance plan or employees of a self-insured company.

A fundamental difference between a PBM and a cash customer is that the cash customer has virtually no negotiation power with either the pharmacy or the manufacturer to lower prices. The PBM negotiates price discounts or rebates on behalf of large groups of customers and creates a formulary for its customers. In addition, rebates from manufacturers reduce the total amount that PBMs spend on drugs and these savings can be passed on to the insurer, employer, or beneficiary whose benefits are managed by the PBM.

It is a recommendation of this committee to develop a state-wide PBM for the uninsured elderly, not only for Medicare eligible individuals, but all seniors. It is the vision of the committee that all of Georgia's elderly population age 62 and older will eventually have access to this plan in the very near future.

Discount Pharmacy Card

In July of 2001, President Bush announced a new Medicare endorsed prescription drug discount card program designed to immediately help Medicare beneficiaries lower their out of pocket drug costs with enrollment beginning in November 2001.⁵ The presidential proposal has minimal federal costs and would primarily benefit Medicare beneficiaries with no coverage or limited drug coverage.⁶

Discount cards currently available in the marketplace include PBMs, some Medigap insurers, and retail drug stores. Many discount card programs charge an annual enrollment fee and enrollees present their card when they purchase a prescription. Discount cards are expected to save Medicare beneficiaries 10 to 25 percent on prescription drug prices. The cards are designed to give seniors greater purchasing power for their prescription drugs at a discount. Currently, six private sector or non-profit pharmaceutical discount cards are available in multiple states: AARP (Prescription Savings Service); Readers Digest (Your RxPlan); Citizens Health Corp (in CT, MA & RI); Novartis (CareCard); Glaxo Smith Kline (The Orange Card) and, Pfizer (Share Card).⁷

⁴The Policy Book: AARP Public Policies 2001, 6-123.

⁵<http://www.hhs.gov/news/press/2001pres/20010712a.html>

⁶U.S. Department of Health and Human Services Fact Sheet, (2001).

⁷National Conference of State Legislatures (NCSL), 2002, health policy listserve.

It is a recommendation of this committee for Georgia to develop a discount pharmacy card for seniors age 65 and older. The purpose is to provide for coverage of prescription drugs that seniors are currently lacking by offering more negotiating power with drug manufacturers and more effective price competition.

OTHER STATES' INITIATIVES

The committee evaluated what other states are doing with regards to state pharmacy assistance programs. Many of the programs share common characteristics by providing benefits through direct subsidies or discounts. Rising state expenditures for pharmaceuticals may be attributed to eligibility expansions; an increase in prescription drug use among the elderly and persons with disabilities; new therapeutic agents for previously untreatable diseases; improvements in medical treatment guidelines for currently treated diseases; greater patient knowledge and, therefore, involvement in disease treatment; and rising health care expenditures in general.⁸ Eighty percent of the growth rate in overall pharmaceutical expenditures from 1994 through 1999 was related to an increase in utilization.⁹ In 1998 Medicaid payments for outpatient prescription drugs rose to \$14.5 billion, from an estimated \$4.8 billion in 1990, an increase of about 15 percent annually. In Georgia, average pharmaceutical expenditures per recipient increased by 20 percent in 2000.

The five most common state pharmacy assistance programs used by other states according to the AARP are: Direct Benefit Programs, Insurance Programs, Price Reduction Programs, Buying Pools, and Tax Credit Programs. Direct Benefit Programs are programs in which the state pays for all or part of the pharmaceutical costs. Insurance Programs are state-sponsored private or public stand alone insurance programs for prescriptions drugs that require payment of a premium, and are often used for lower income individuals. Price Reduction Programs have limitations on the prices that are charged for prescriptions, but do not pay for prescription drugs. Buying pools are state sponsored programs that enroll residents in a purchasing pool that contracts with private entities to negotiate discounts from pharmacies. Lastly, Tax Credit Programs provide state income tax credits for residents with high prescription drug costs.

** For further information please see the National Governors Association attachment for State Pharmaceutical Assistance programs.¹⁰*

⁸National Governors Association Center for Best Practices, Issue Brief, State Pharmaceutical Assistance Programs, May 10, 2001.

⁹Ernest R. Berndt, "The U.S. Pharmaceutical Industry: Why Major Growth in Times of Cost Containment?" *Health Affairs* 20, no. 2 (March/April): 86.

¹⁰National Governors Association. *State Pharmaceutical Assistance Programs* [online]. Updated December 17, 2001 [cited February 5, 2002]. Available from: <<http://www.nga.org/cda/files/STATEPHARM.pdf>>

CONCLUSION

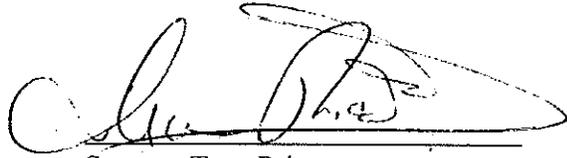
The recommendations provided in this report are just three critical components that the committee feels will help address the issue of a prescription drug benefit for seniors. All of our elderly citizens have contributed greatly to the growth of our state and have been an invaluable source of support for a great portion of their lives. Our elderly citizens have by and large been contributing members to our society with their talents and tax dollars and should be rewarded for their contributions to our great state.

The programs outlined in this report that have been adopted by other states are quite diverse, varying in approach used, their target population, and in the amount of assistance provided to seniors. However, they all reduce the high costs of prescription drugs for seniors and/or Medicare recipients.

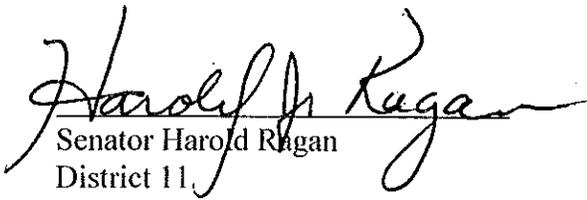
Respectfully Submitted,



Senator Horacena Tate – Chairperson
District 38



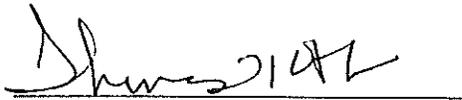
Senator Tom Price
District 56



Senator Harold Ragan
District 11



Senator Connie Stokes
District 43



Senator Nadine Thomas
District 10

State Pharmaceutical Assistance Programs, December 17, 2001

State	Program Name Year Began	Annual # of Recipients	Funding Source	Eligibility (Age & Maximum Income)	Drugs Covered / Restrictions	Deductible / Co-payment (Per Prescription)	Annual Budget; Annual Average Cost per Recipient
Arizona	Prescription Medication Coverage Pilot Program 2001 (two-year pilot)	To be determined	Tobacco Tax Medically Needy Account	Minimum Age: 65 Income: Between 100% and 200% of the FPL Must be a resident of Arizona county that does not have a Medicare HMO or Medicare HMO that does not provide Rx coverage	To be determined	100% and 149%: Deductible of at least \$500 out of pocket for Rx to be eligible 150% and 200%: Deductible of at least \$1,000 out of pocket for Rx The state can lower the deductible required for eligibility up to \$300 in the second fiscal year, if less than 75% of the appropriation from the previous year has not been spent. Annual enrollment yet to be determined	SFY01-02: \$3.9 million SFY02-03: \$4.1 million An additional \$400,000 annually for administration
California	Drug Discount Program for Medicare Beneficiaries February 1, 2000	1.3 million eligible	Beneficiaries pay for prescription drugs; State General Revenue covers fees for processing pharmacy price inquiries.	Medicare recipients, 65 or disabled without insurance coverage for prescription drugs; no income limit.	All prescription drugs are covered except compounded drugs.	Retail pharmacies charge beneficiaries an amount not to exceed the MediCal reimbursement rate. No deductible or co-pay. Beneficiary pays discounted drug price plus 15 cents to cover pharmacy transaction fee.	\$1.7 million; N/A

State	Program Name Year Began	Annual # of Recipients	Funding Source	Eligibility (Age & Maximum Income)	Drugs Covered / Restrictions	Deductible / Co-payment (Per Prescription)	Annual Budget; Annual Average Cost per Recipient
Connecticut	Connecticut Pharmaceutical Assistance Contract to the Elderly and the Disabled Program (ConnPACE) 1986	33,850	State General Revenue	Minimum age: 65 Disabled: over age 18 receiving SSI or SSDP Single: \$15,100 Married: \$18,100	All prescription drugs including insulin, syringes, No anti-histamines, contraceptives, experimental, weight loss, cosmetic or smoking cessation products	No deductible Co-pay is \$12 per prescription Annual enrollment fee is \$25	Total state expenditures of \$38 million (reduced by participant fees collected & manufacturer rebates received). Rebates of \$11 million deposited into the general fund as revenue. \$1,123 average cost per recipient.
Delaware (I)	Delaware Prescription Drug Assistance Program (DPAP) 2000	1,200	State General Revenue Tobacco Settlement	Minimum age: 65 Disabled: eligible for SSDI Single: \$16,700 Married: \$22,500	Covers most drugs that are manufactured by companies that agree to pay the State a rebate for the right to participate in the program	No deductible Co-pay is \$5 or 25% of the cost of each prescription, whichever is greater	Budget is \$5 million in drug costs and not more than \$600,000/yr in administrative costs; program will pay up to \$2,500 per person, per state fiscal year
Delaware (II)	Nemours Health Clinic Pharmaceutical Assistance Program 1981	10,000	Nemours Foundation	Minimum age: 65 Single: \$12,500 Married: \$17,125	All prescription drugs and insulin syringes	No deductible Co-pay is 20% of retail prescription cost + \$5 dispensing fee; maximum yearly benefit is \$500 at Nemours discounted price	\$5.4 million; \$411,78

State	Program Name Year Began	Annual # of Recipients	Funding Source	Eligibility (Age & Maximum Income)	Drugs Covered / Restrictions	Deductible / Co-payment (Per Prescription)	Annual Budget; Annual Average Cost per Recipient
Florida	Prescription Affordability Act for Seniors 2000	N/A	General Revenue Fund	-Florida residents 65+ -Income between 90- 120% of poverty level -Eligible for both Medicare and Medicaid -Not enrolled in a Medicare HMO -Request to be enrolled	Monthly benefits limited to \$80 per participant, including a discount for any Medicare beneficiary who is a Florida resident when purchasing a prescription drug at a Medicaid participating pharmacy	Participants are required to make a 10% co-insurance payment for each prescription purchased through this program	\$30 million per year worth of benefits, \$250,000 to administer it

State	Program Name Year Began	Annual # of Recipients	Funding Source	Eligibility (Age & Maximum Income)	Drugs Covered / Restrictions	Deductible / Co-payment (Per Prescription)	Annual Budget; Annual Average Cost per Recipient
Illinois	Pharmaceutical Assistance Program (PAP) 1985	49,186	General Revenue and Tobacco Settlement Funds	Minimum age: 65 Disabled: eligible Single: \$16,000 Married: \$16,000 As of 1/01: Single: \$21,218 Two Person Household: \$28,480 Three or More Person Household: \$35,740	Coverage limited to: (1) drugs for the treatment of heart disease, diabetes, and arthritis; and (2) insulin, syringes, and needles As of 1/01, drug coverage will be expanded to: Alzheimer's disease, Parkinson's disease, lung disease, smoking related illness and glaucoma. As of 7/1/01, drug coverage will be expanded to osteoporosis.	For the year 2000, the deductible is \$15 per month for individuals if income less than 100% of FPL; \$25 for individuals if income is over 100% FPL. As of 1/01, there is no deductible. However, for individuals with income less than 100% of FPL, there will be no deductible until the program has paid \$2,000 in the state fiscal year. After \$2,000, they are responsible for 20% of the cost of the drug. As of 1/01, for those with income above 100% of FPL, they will pay a \$3 copay per prescription. For individuals with income above 100% of FPL, once the state has paid \$2,000 in the state fiscal year, the individuals then pay the \$3 copay plus 20% of the cost of the drug.	\$34.8 million; \$707.84 The annual budget was increased by \$35 million to fund the first 6 months of the program beginning 1/01.

State	Program Name Year Began	Annual # of Recipients	Funding Source	Eligibility (Age & Maximum Income)	Drugs Covered / Restrictions	Deductible / Co-payment (Per Prescription)	Annual Budget; Annual Average Cost per Recipient
Indiana	HoosierRx 2000	Estimated at 40,000	Tobacco Settlement Funds	<p>Minimum age: 65 Family income less than 135% of Federal Poverty Guidelines (FPG) No current prescription drug insurance</p> <p>For individual monthly income: \$940 or less - 50% refund up to \$500 per year \$835 or less - 50% refund up to \$750 per year \$696 or less - 50% refund up to \$1,000 per year</p> <p>For couple monthly income: \$1,266 or less - 50% refund up to \$500 per year \$1,125 or less - 50% refund up to \$750 per year \$938 or less - 50% refund up to \$1,000 per year</p>	<p>All prescription legend drugs, which are covered by the State Medicaid Program are also covered under the HoosierRx Program, including insulin.</p> <p>Individuals mail application and if eligible, the state will mail refund certificates to beneficiary. Once determined eligible, beneficiaries ask pharmacist to print out all prescriptions filled for a specified quarter.</p>	<p>Refunds will cover up to half of those seniors' prescription costs in each quarter. up to \$1,000 a year according to the following schedule:</p> <p>To receive a refund for prescriptions bought October through December 2000, submit refund certificate and pharmacy printouts January through March 2001.</p> <p>For prescriptions bought January through March 2001, submit refund April through June 2001.</p> <p>For prescriptions bought April through June 2001, submit refund July through September 2001.</p> <p>For prescriptions bought July through September 2001, submit refund October through December 2001</p>	\$20 million

State	Program Name Year Began	Annual # of Recipients	Funding Source	Eligibility (Age & Maximum Income)	Drugs Covered / Restrictions	Deductible / Co-payment (Per Prescription)	Annual Budget; Annual Average Cost per Recipient
Iowa	Iowa Prescription Drug Purchasing Co-op FY2001 (Beneficiaries pay a annual fee to join a co-op that would take advantage of volume discounts.)	N/A	Beneficiaries pay for prescription drugs: U.S. Department of Health and Human Services, Health Care Financing Administration Demonstration Project Grant Provides funds for start-up administration and marketing of the program.	All individuals who are eligible for Medicare are also eligible to join the co-op.	All prescription drugs are covered	Beneficiaries would pay an annual fee to join the co-op, which is not yet determined. Iowa would either directly or through a private contractor negotiate volume- purchasing discounts with drug manufacturers. Co-op members would be eligible for these discounts when purchasing their medications.	\$1 million grant from the Health Care Financing Administration
Kansas	Senior Pharmacy Assistance Program 2000	N/A	Senior Services Trust Fund	Minimum age: 67 Income: 150% of poverty level Must not qualify for other drug-related programs	Covers up to \$1200 per year for those who are eligible. Only covers maintenance drugs for specific diseases	Requires a copayment of not more than 30 percent of the cost of each prescription	N/A

State	Program Name Year Began	Annual # of Recipients	Funding Source	Eligibility (Age & Maximum Income)	Drugs Covered / Restrictions	Deductible / Co-payment (Per Prescription)	Annual Budget, Annual Average Cost per Recipient
Maine (I)	Low Cost Drugs for the Elderly Program 1975 (Beneficiaries incorporated into 1115 Medicaid waiver, Healthy Maine Prescriptions Program)	46,000	State General Revenue	Minimum age: 62 Disabled: age 19 or over Single: \$15,244 Married: \$20,461	Covers both prescription and non-prescription drugs produced by manufacturers who enter into rebate agreement	No deductible Co-pay is \$2 or 20% of the medication's price (the price as allowed by the Dept. of Human Services), whichever is greater and if individual is using generic drugs, or drugs to treat major conditions of seniors, i.e. heart disease, diabetes, etc.	\$22 million; \$154.55 Recipient
Maine (II)	Healthy Maine Prescriptions Program June 2001 (Incorporates Low Cost Drugs for the Elderly Program beneficiaries)	225,000 eligible As of August 2001, 61,000 enrolled.	1115 Medicaid Waiver	No age restrictions. All Maine residents with incomes up to 300% of the PPL: Single: \$25,000 Married: \$33,750	All prescription drugs under Medicaid	Annual administrative fee of \$25	
Maine (III)	Maine Rx 2001	Estimated at 125,000	Other Special Revenue	No age restrictions. All Maine residents without 3 rd party drug coverage	All prescription drugs with manufacturer rebate agreements	Combines discounts at participating pharmacies with negotiated rebates from manufacturers to at least partially reimburse the pharmacies and to cover administrative costs	
Maryland (I)	Maryland Pharmacy Assistance Program 1979	35,901	State General Revenue	No age restrictions Single: \$10,000 and asset limit of \$3,750 Married: \$10,850 and asset limit of \$4,500	Chronic maintenance drugs, anti-infective drugs, insulin	No deductible Co-pay is \$5	FFY00: \$45.1 million for program benefits; \$581,334 for administrative.

State	Program Name Year Began	Annual # of Recipients	Funding Source	Eligibility (Age & Maximum Income)	Drugs Covered / Restrictions	Deductible / Co-payment (Per Prescription)	Annual Budget; Annual Average Cost per Recipient
Maryland (II)	Short-Term Prescription Drug Subsidy Plan July 2001 to July 2003	Maximum of 30,000	37.5% of the total value of the differential provided to carriers that offer Substantial, Available, and Affordable Coverage (SAAC)	Minimum age: 65 Medicare beneficiaries at or below 300% of the FPL: Single: \$25,770 Married: \$34,830	Medicare+Choice prescription drug formulary	Monthly premium is \$10 Co-pay is \$10 for generics, \$20 brand- name, and \$35 non- preferred brand-name Annual benefit limit is \$1,000	\$22 million
Maryland (IIIa)	Maryland Pharmacy Discount Program (as part of the Medicaid program- contingent upon HCFA approval of 1115 waiver)	Estimated participation is 105,000 Potential eligible is 210,000	Tier I: No cost (administrative costs covered by enrollees) Tier II: State General Revenue and federal Medicaid matching funds	Minimum age: 65 All Medicare beneficiaries including disabled who qualify for Medicare No other drug coverage Under Tier II, greater subsidies will be provided to enrollees under 175% of FPL Single: \$15,033 Married: \$20,318	All prescription drugs under Medicaid	Tier I: Enrollees purchase prescriptions covered by Medicaid for 82% of Medicaid price at pharmacy. Pharmacies required to charge Medicaid price plus \$1 dispensing fee Tier II: For enrollees with income at or below 175%, State will cover 25% of prescription drug cost after Medicaid price	\$8 million in State General Revenue funds \$8 million in federal matching funds

State	Program Name Year Began	Annual # of Recipients	Funding Source	Eligibility (Age & Maximum Income)	Drugs Covered / Restrictions	Deductible / Co-payment (Per Prescription)	Annual Budget, Annual Average Cost per Recipient
Maryland (IIIb)	Maryland Pharmacy Discount Program (as part of the Maryland Pharmacy Assistance Program-contingent upon HCFA denial of 1115 waiver)	Estimated participation is 105,000 Potential eligible is 210,000	Tier I: No cost (administrative costs covered by enrollees) Tier II: State General Revenue	Minimum age: 65 All Medicare beneficiaries including disabled who qualify for Medicare No other drug coverage Income: At or below 250% of FPL Single: \$21,475 Married: \$29,025	All prescription drugs covered under the Maryland Pharmacy Assistance Program (MPAP)	Tier I: Enrollees purchase prescriptions covered by Medicaid for 85% of MPAP price at pharmacy Pharmacies required to charge Medicaid price plus \$1 dispensing fee Tier II: For enrollees with income at or below 175%, State will cover 25% of prescription drug cost after Medicaid price	\$8 million Recipient
Maryland (IV)	Maryland Medbank Program July 2001 to July 2003 MD Health Care Foundation is required to contract with local government or other nonprofit entities for operation of 5 regional sites throughout State		Foundation releases funds to the contracting entities based on need and justification contained in quarterly financial reports	Any individual who meets the criteria established by the pharmaceutical manufacturer's patient assistance program	Contracting entities are authorized to use program funds to purchase interim supplies of drugs for individuals who have applied for a manufacturer's program, but have not yet received the drug		FY02: maximum of \$2.5 million FY03: maximum of \$3 million
Massachusetts (I)	The Pharmacy Program 1996	43,000	Cigarette tax revenues and state appropriation	Minimum age: 65 Disabled: eligible Single: \$15,492 Married: \$20,769	All drugs covered by the state Medicaid program; also insulin and syringes	No deductible Co-pay is \$3 for generic version; \$10 for brand name drugs and certain medical supplies	\$72 million; \$750,000
Massachusetts (II)	The Pharmacy Program Plus (In effect 1/00 - 12/31/00)	N/A		Minimum age: 65 Disabled: must work less than 40 hours/week Single: \$41,220 Married: \$55,320	All prescription drugs in all therapeutic classes, including insulin and syringes (except those excluded from MassHealth)	No deductible Co-pay is \$3 for generic drugs, insulin, and syringes; \$10 for brand name drugs	

State Pharmaceutical Assistance Programs
National Governors Association

State	Program Name Year Began	Annual # of Recipients	Funding Source	Eligibility (Age & Maximum Income)	Drugs Covered / Restrictions	Deductible / Co-payment (Per Prescription)	Annual Budget; Annual Average Cost per Recipient
Massachusetts (III)	The Prescription Advantage Program (In effect 4/01 and will replace Massachusetts I and II programs)	N/A	Tobacco Settlement Funds	Minimum age: 65 Disabled: certain individuals – singles with annual income below \$16,152 and married couples with annual income below \$21,828 and either do not work or work less than 40 hours per month	All prescription drugs	No deductible or premiums if income is below 188% of FPL (\$15,698) Above 188% of FPL, premiums and annual deductibles will be based on a sliding income scale with maximum monthly premium of \$82	For SFY2000, (program will only be operating for 3 months): \$32.2 million
Michigan (I)*	Michigan Emergency Pharmaceutical Program for Seniors (MEPPS) 1988 Program ends September 20, 2001	13,000	General Revenue	Minimum age: 65 Income less than 150% of federal poverty level. Monthly drug expenses of at least 10% of monthly income for singles.	All drugs covered under the state Medicaid program	No deductible Voluntary copayment of \$0.25	\$6 million (1998); Average of \$436 per participant over the maximum coverage of three months.
Michigan (II)	To be absorbed by the EPLC program Prescription Drug Credit Program 1988/1989 Program ends December 31, 2001	About 31,000 in 1998	General Revenue	Minimum age: 65 Income less than 150% of the federal poverty level.	N/A	Tax credit of up to \$600 for prescriptions exceeding 5% of household income.	\$14-\$15 million

State	Program Name Year Began	Annual # of Recipients	Funding Source	Eligibility (Age & Maximum Income)	Drugs Covered / Restrictions	Deductible / Co-payment (Per Prescription)	Annual Budget; Annual Average Cost per Recipient
Michigan (III)	Elder Prescription Insurance Coverage (EPIC) Program October 1, 2001 EPIC will replace MEPPS and the Credit Program.	Potential eligibles are estimated to be up to 225,000	General Revenue	Minimum age: 65 Income less than or equal to 200% of the federal poverty level. No deductions in calculating income allowed.	Drug coverage will be similar to the Medicaid program - insulin and syringes will be included	Annual administrative fee of \$25. Copayments cannot exceed 20% of the cost of the prescription drug with a maximum monthly copayment amount calculated according to income. Copay is \$15 for non-DAW brand-name drugs when generics substitution is available. Dispensing fee equal to that of Medicaid program.	Budget is projected at approximately \$50 million for the first year of the program.
Minnesota	Senior Citizen Drug Program 1999	11,600 estimated for 2000	General Revenue	Minimum age: 65 Single: \$4,000 Married: \$6,000 Must not be a resident of an institution.	Medicaid formulary as well as antacids, insulin products, vitamins, smoking cessation, and lice medication	Deductible is \$35 per month No co-pay	\$29.0 million; \$106 in 1999, \$115 in 2000 (estimated)
Missouri	Pharmaceutical Tax Credit 2000 Repealed and replaced with Missouri Senior Rx Program	\$10,000	State General Revenue	Minimum age: 65 Individual, adjusted gross income under \$25,000.		Maximum tax credit of \$200 if income is \$15,000 or less. Above \$15,000, tax credit amount reduced by \$2 for every \$100 increase in income up to \$25,000. Incomes over \$25,000 are not eligible to receive the tax credit.	\$52.4 million

State	Program Name Year Began	Annual # of Recipients	Funding Source	Eligibility (Age & Maximum Income)	Drugs Covered / Restrictions	Deductible / Co-payment (Per Prescription)	Annual Budget; Annual Average Cost per Recipient
Missouri (II)	Missouri Senior Rx Program July 1, 2002	Tier 1: Eligible: 288,000 Est. Participants: 57,000 Tier 2: Eligible: 95,000 Est. Participants: 20,000	State General Revenue and Tobacco Settlement Funds	Minimum age: Tier 1 Single: \$12,000 Married: \$17,000 Tier 2 Single: \$17,000 Married: \$23,000	All prescription drugs	Tier 1: Enrollment fee of \$25; Deductible not less than \$250 Tier 2: Enrollment fee of \$35; Deductible not less than \$500 For both Tiers, once deductible met, enrollee pays at least 40% of drug's cost and state pays remaining.	
Nevada	Senior Rx Subsidy for Prescription Drugs January 2001	Estimated 10,000	Tobacco Settlement Funds	Minimum age: 62 Family: \$21,500 Nevada residency for minimum of one year. Must not be eligible for Medicaid benefits.	Basic: prescriptions on a managed formulary Enhanced: preferred prescription list	Maximum subsidy of \$480/year. Sliding scale paying a percent of premium or \$480, whichever is less. Income scale: Up to \$12,700- 90% of premium \$12,701-\$14,800 - 80% \$14,801-\$17,000 - 50% \$17,001-\$19,100 - 25% \$19,101-\$21,500 - 10%	\$4.6 million
Nevada (II)	Senior Rx Subsidy for Prescription Drugs July 1, 2001 Updates and replaces January 2001 Senior Rx program	Estimated 5,800	Tobacco Settlement Funds	Minimum age: 62 Family: \$21,500 Nevada residency for minimum of one year. Must not be eligible for Medicaid benefits.	All drugs on the preferred prescription list	\$100 deductible and annual premium paid by the state Co-pay is \$10 for generics; \$25 for brand name	\$6.5 million State will pay annual premium of \$1,280 per senior to insurance companies.

State	Program Name Year Began	Annual # of Recipients	Funding Source	Eligibility (Age & Maximum Income)	Drugs Covered / Restrictions	Deductible / Co-payment (Per Prescription)	Annual Budget; Annual Average Cost per Recipient
New Hampshire	Senior Prescription Drug Discount Pilot Program 2000- Two year pilot	Estimated 12,000	No State funds. Contractor providing administrative funds.	Minimum age: 65 No income requirements.	All prescription drugs, except for intravenous or experimental drugs.	Percent discounts depending on brand of medication.	N/A
New Jersey (I)	PAAD - Pharmaceutical Assistance for the Aged and Disabled 1975	FY01: 163,943 aged and 24,728 disabled	State General Revenue and Casino Revenue	Minimum age: 65 Disabled: eligible for SS benefits Single: \$19,238 Married: \$23,589	All prescription drugs	No deductible; Co-pay is \$5	FY01: \$313 million; \$1,653
New Jersey (II)	Senior Gold Program 2001	Estimated at 100,000	Tobacco Settlement Funds	Minimum age: 65 Disabled: eligible for SS benefits Single: \$29,238 Married: \$33,589	All prescription drugs	Single: \$15 copayment plus half the remaining cost of the prescription until they have spent \$2,000. After spending \$2,000, there is only a copay of \$15. Married: \$15 copayment plus half the remaining cost of the prescription until they have spent \$3,000. After spending \$3,000, there is only a copay of \$15.	\$50 million

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New York	EPIC - Elderly Pharmaceutical Insurance Coverage 1987	215,600	Tobacco Funds	Minimum age: 65	Most prescription drugs are covered as well as insulin and insulin supplies. The manufacturer must participate in EPIC's Manufacturer Rebate Program. No experimental drugs.	\$144.5 million budget beginning April 2000;	Sliding fee scale based on income and marital status. Co-pay based on cost of Rx Up to \$8 (\$3) \$8.01-\$13 (\$5) \$13.01-\$23 (\$7) \$23.01-\$33 (\$10) \$33.01 and up (\$23)
New York	EPIC Fee Plan	111,600		Single: \$0-\$18,500 Married: \$0-\$24,400	Annual fee \$8-\$280 - no deductible Limit on annual copayments of \$300- \$1,088		
	EPIC Deductible Plan	5,350		Single: \$10,800 -18,500 Married: \$14,400 - 24,400	Deductible is \$468- \$638, no fee. Limit on annual copayments \$633-\$863.		

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New York (II)	EPIC January 2001	215,000	Tobacco Funds and State General Revenue	Minimum age: 65 Single: \$35,000 Married: \$50,000 Not eligible if receiving Medicaid	Most prescription drugs are covered as well as insulin and insulin supplies. The manufacturer must participate in EPIC's Manufacturer Rebate Program. No experimental drugs.	With changes on January 1, 2001, copayments and annual fees are reduced by 20%	\$180 million added beginning January 1, 2001 Total budget for all EPIC plans from April 2000 to March 2001 was \$238.2 million. Expected budget for all EPIC plans from April 2001 to March 2002 is \$396.4 million for program benefits and \$11 million for administration.
New York (II)	EPIC Fee Plan	142,000		Single: \$20,000 Married: \$26,000		Annual fee \$8-\$300, no deductible. Limit on annual co-payments \$291-\$1,160 Co-pay based on cost of RX Up to \$15 (\$3) \$15.01-\$35 (\$7) \$35.01-\$55 (\$15) Over \$55 (\$20) Sliding fee scale based on income and marital status.	

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New York (II)	EPIC Deductible Plan	73,000		Single: \$20,001-35,000 Married: \$26,001- \$50,000		Deductible \$530- \$1,715. Limit on annual copayment of \$1,050 - \$2,000	
North Carolina (I)	Prescription Drug Assistance Program 2000	N/A	State General Revenue	Minimum age: 65 Single: \$12,360 150% of poverty level	Only drugs pertaining to cardiovascular disease (CVD) and diabetes. No Medicaid coverage.	No deductible Co-pay is \$6	\$500,000 budget; \$1,000/person projected for CVD and \$629/person projected for diabetes

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North Carolina (II)	Prescription Drug Assistance Plan for Seniors Spring 2002 (replaces Prescription Drug Assistance Program)	100,000	Tobacco Settlement Funds from state's Health and Wellness Trust Fund	Minimum age: 65 Income: Up to 200% of FPL Single: \$17,180 Married: \$23,220 Must be uninsured and not eligible for Medicaid	Coverage limited to drugs for treatment of cardiovascular disease, diabetes mellitus, and chronic obstructive pulmonary disease (COPD) Also funding disease management and pharmaceutical manufacturers donating prescription drugs to beneficiaries	Maximum subsidy of 60% per prescription; annual benefit cap of \$600 which is 60% of first \$1,000 in drug costs.	\$35 million for first year of program, with \$32 million to provide prescription drugs and \$3 million for education and counseling for seniors \$600 per person
Oregon**	Senior Prescription Drug Assistance Program 2001	Estimated at 110,000	Cigarette Tax Revenue	Minimum age: 65 Income: Up to 185% of FPL Single: \$15,891 Married: \$21,478 Maximum assets of \$2,000	All prescription drugs available under the Oregon Health Plan	Annual benefit cap of \$2,000 Maximum subsidy of 50% per prescription	

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Pennsylvania (I)	PACE – Pharmaceutical Assistance Contract for the Elderly 1984	211,711 (as of March 2001)	State Lottery	Minimum age: 65 Single: \$14,000 Married: \$17,200	Most prescriptions are covered, as well as insulin, syringes, and needles. Does not cover experimental drugs, medications for baldness or wrinkles, or non-prescription drugs.	No deductible Co-pay is \$6	SFY02 estimates: \$359 million - (before rebate) for both PACE and PACENET; \$1,450 (net per PACE enrollee after rebate); \$1,000 (net per PACENET enrollee after rebate.) PACE and PACENET contract administration estimated costs for 2002 - \$9.5 million
Pennsylvania (II)	PACENET – PACE Needs Enhancement Tier 1996	23,000 (as of March 2001)	State Lottery	Minimum age: 65 Single: \$17,000 Married: \$20,200	Most prescriptions are covered, as well as insulin, syringes, and needles. Does not cover experimental drugs, medications for baldness or wrinkles, or non-prescription drugs.	Deductible is \$500 annually Co-pay is \$8 (\$15 for brand name medication)	

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Rhode Island	RIPAE - Rhode Island Pharmaceutical Assistance for the Elderly 1985	33,000	State Revenue and Manufacturer Rebates	Minimum age: 65 Single: \$16,490 Married: \$20,613 Excludes income spent on medication if greater than 3% of total income (the program's reach has been expanded to cover services for seniors with incomes up to \$41,400)	Medication for high blood pressure, heart disease, high cholesterol, circulatory insufficiency, asthma or chronic respiratory disease, diabetes, cancer, Parkinson's disease, glaucoma, Alzheimer's disease, urinary incontinence, depression, arthritis, anti-effectives, drugs for the treatment of influenza A and B available at a sliding rate based on income for state and consumer co- payments for prescriptions under the state pharmaceutical assistance to elderly program.	No deductible Co-pay percentage is determined using a formula based on income. RIPAE members pay either a 40%, 70% or 85% of the discounted RIPAE price for covered prescription drugs. Co-pays for Singles: \$0-\$16,490 - 40% \$16,490-\$20,700 - 70% \$20,700-\$36,225 - 85% Co-pays for Married: \$0-\$20,613 - 40% \$20,613-\$25,875 - 70% \$25,875-\$41,400 - 85%	\$10 million; \$537.30 per active RIPAE member (member filling prescriptions during benefit year).

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South Carolina	SilverRxCard October 2000	34,000	Tobacco Settlement Funds	Minimum Age: 65 Resident of SC for 6 months ineligible for Medicaid no current prescription benefits from insurance or other sources not over 175% FPL	Non-experimental, non OTC drugs, and some other drugs such as those for baldness are excluded. Only includes FDA- approved drugs	There is a \$500 calendar year deductible. While meeting this deductible, SilverRxCard members receive a 10% discount on prescriptions. After meeting the deductible, generic drugs are \$10 for a 30- day supply and brand- name drugs are \$21 for a 30-day supply. Generics are mandatory when available.	SFY00: \$20 million
Texas	Health and Human Services Commission must develop and implement a program by January 2002	To be determined	State Revenue	Medicare dual-eligibles and others; upper income eligibility limit to be determined by Commission	To be determined	To be determined	SFY02: \$128.8 million
Vermont (I)	VHAP - Vermont Health Access Program (pharmacy component) 1996	8,058 (Average monthly SFY 2000: 7/1/99- 6/30/00)	Medicaid (1115 Demonstration Project)	Aged: Minimum age 65 Disabled: Recipients of disability benefits through OASDI or Medicare through 150% FPL Single: \$12,528 Married: \$16,884	Covers all drugs in Medicaid; no experimental or non-prescription drugs. Maintenance only for individuals between 150% and 175% of federal poverty level.	No deductible. Co-pay is \$1 for prescriptions costing \$1 to \$29.99 and \$2 for prescriptions costing \$30 or more.	\$13 million net of rebate (estimated SFY 2001); \$1,489 SFY 2001
Vermont (II)	VScript (incorporated into VHAP) 1999	2,171 (Average monthly SFY 2000: 7/1/99- 6/30/00)	Medicaid (1115 Demonstration Project)	Aged: Minimum age 65 Disabled: Recipients of disability benefits through OASDI or Medicare through 175% FPL Single: \$14,616 Married: \$19,692	Covers maintenance drugs only, such as anti-hypertensives	No deductible. Co-pay is \$1 for prescriptions costing \$1 to \$29.99 and \$2 for prescriptions costing \$30 or more.	\$3.6 million net of rebate (estimated SFY 2001); \$1,489 SFY 2001

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Vermont (III)	VScript Expanded (state-only VScript) January 2000	1,901 (Average monthly 7/1/00- 12/31/00)	State funds	Age: Minimum age 65 Disabled: Recipients of disability benefits through OASDI or Medicare through 225% FPL Single: \$18,792 Married: \$25,320		No deductible. Co-pay is 50% of prescription cost.	\$1.1 million net of rebate (estimated SFY 2001); \$295.64 7/1/00- 12/31/99
Vermont (IV)	Pharmacy Discount Program (PDP) 2001 (Suspended June 2001)	1,104 January 2001 Projected year end, 2001: 14,327 Medicare covered beneficiaries an additional 6,266 individuals	Medicaid (1115 Demonstration Project)	Any Medicare-covered individual with income above 150% of the FPL without drug coverage. This includes those eligible for VScript (up to 225% of the FPL) who currently receive a benefit for maintenance drugs. All individuals with income up to 300% of the FPL who do not have a benefit program that includes drug coverage. Single: \$25,056 Married: \$33,756	All prescription drugs	Benefit is drugs at the Medicaid rate including cost of dispensing less anticipated rebate of 17.5%. Annual enrollment fee of \$24 paid as \$3 for each of the first eight prescriptions costing \$20 or more in a calendar year.	\$659,187 before rebate (estimated SFY 2001); \$9.86 1/01

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Washington**	A Washington Alliance to Reduce Prescription-Drug Spending (AWARDS) 2001 (Senior citizens pay a nominal fee to join a co-op that would take advantage of volume discounts.) May 2001, AWARDS program suspended because the state agency did not have the authority to implement it without legislative approval.	N/A	Beneficiaries pay for prescription drugs	Minimum age: 55 All individuals over age 55 are eligible for AWARDS. Individual purchases at participating pharmacies, will be merged with the buying power of the state Uniform Medical Plan to buy drugs at substantially lower costs.	All prescription drugs	Annual fee of \$15 per individual and \$25 per family. AWARDS members can expect to pay from 12 to 30 percent less than retail prices for prescription drugs. If members order from a mail service, they can expect discounts from 20 to 49 percent. Discounts will vary, depending on an individual's drug profile and current use of generic drugs.	No cost to the state
West Virginia	Senior Prescription Assistance Network (SPAN) II 2000 (replaced with Golden Mountaineer Program)	Estimated 100,000 Actual 4,000	N/A	Minimum age: 65 Income: At or below 300% of FPL Single: \$25,050 Married: \$33,750	All prescription drugs	No premiums or deductibles	N/A
West Virginia (II)	Golden Mountaineer Discount Card Program September 2001 (for pharmacy component) (replaces SPAN II program)		N/A	Minimum age: 60 No income requirements	All prescription drugs	N/A	N/A

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Wisconsin	SeniorCare 2001	Estimated 260,000 eligible	State General Revenue	Minimum age: 65 Income: At or below 240% of FPL Single: \$20,616 Married: \$27,864	All prescription drugs	\$500 deductible, waived for those with income less than 160% Co-pay is \$5 for generic drugs; \$15 for brand name	FY02: \$2 million FY03: \$49.9 million (9/1/02) Annualized Cost \$78 million Reduce the average annual per beneficiary prescription bill of \$1,600 by \$970
Wyoming	Minimum Medical Program (MMP) 1988	\$39/month	State General Revenue	No age restrictions. Income: \$8,240; 100% of federal poverty level with no more than \$1,000 in resources	All prescription drugs and oxygen services.	No deductible Co-pay is \$25 per prescription for a maximum of \$75 per month per recipient. Three prescriptions per month and oxygen services.	\$1.162 million; \$1,041/month

*Michigan also has the State Medical Program that provides limited medical assistance, including prescription drugs, to certain financially needy and/or disabled persons who do not qualify for Medicaid.

**Information for Oregon and Washington was not verified by state officials, the National Conference of State Legislatures, the National Pharmaceutical Council, and AARP.