HOUSE BILL 6

Unofficial Copy 2001 Regular Session
C3 (1lr1290)

ENROLLED BILL

-- Economic Matters and Environmental Matters/Finance and Budget and Taxation --

Introduced by **Delegates Taylor, Busch, Dewberry, Hurson, Arnick, Doory, Guns, Harrison, Hixson, Howard, Kopp, Menes, Montague, Owings, Rawlings, Rosenberg, Vallario, ~~and Wood~~ Wood, W. Baker, Barkley, Barve, Bobo, Boutin, Bozman, Bronrott, Brown, Burns, Cadden, Cane, Carlson, Clagett, Cole, Conroy, Conway, D'Amato, D. Davis, DeCarlo, Dembrow, Donoghue, Dypski, Eckardt, Elliott, Finifter, Frush,Fulton, Giannetti, Gladden, Goldwater, Gordon, Griffith, Grosfeld, Hammen, Healey, Hecht, Heller, Hill, Hubbard, Hubers, James, A. Jones, V. Jones, Kach, J. Kelly, Kirk, Klausmeier, Krysiak, La Vay, Love, Mandel, McClenahan, McHale, McIntosh, Minnick, Mitchell, Moe, Mohorovic, Morhaim, Nathan-Pulliam, Oaks, Patterson, Pendergrass, Petzold, Pitkin, Redmer, Riley, Rosso, Rudolph, Schisler, Sher, Shriver, Stern, Stull, Swain, Turner, Weir, and Zirkin**

Read and Examined by Proofreaders:

_____
Proofreader.

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Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this _____ day of _____ at _____ o'clock, _____M.

_____
Speaker.

CHAPTER 135

1 AN ACT concerning

2 ~~**Coverage of Insurance Gaps in Pharmaceutical Benefits for Seniors**~~
3 ~~**Senior Prescription Drug Relief Act**~~
4 ***Senior Prescription Drug Relief Act***

5 ~~FOR the purpose of establishing certain prescription drug benefit programs;~~

~~establishing eligibility criteria for certain prescription drug benefit programs; requiring the Department of Health and Mental Hygiene to administer and operate a certain program as permitted by federal law or waiver; providing for an exception to a certain eligibility limitation; authorizing the Department to establish a certain enrollment fee to cover certain costs certain mechanisms to recover certain administrative costs and to reimburse certain participating pharmacies; requiring the Secretary of Health and Mental Hygiene to adopt certain regulations; requiring the Department to apply for a certain waiver expansion to implement a certain program; requiring the Maryland Health Care Foundation to operate and administer a certain program; authorizing the Foundation to contract with certain nonprofit organizations to operate and administer a certain program; requiring the Foundation to contract with certain entities to administer a certain program; requiring the Foundation to give priority to certain entities when contracting for the administration of a certain program; specifying the funding source of a certain program; requiring certain funds to be spent on a certain activity; requiring the Foundation to make a certain program available in each geographic region of the State; altering the eligibility requirements for the short-term prescription drug subsidy plan; altering certain definitions; repealing certain definitions; altering the conditions for a carrier to provide the subsidy plan; extending the duration of the short-term drug subsidy plan; lowering the monthly premium under the plan; increasing the benefit limit under the plan; expanding the total number of enrollees allowed under the plan; requiring a certain carrier to alter the calculation of certain benefits beginning on a certain date; requiring a certain carrier to submit a certain quarterly financial accounting to certain agencies; specifying the contents of a certain fund; requiring the Department of Health and Mental Hygiene to develop and implement a certain outreach program; requiring the Department of Aging to perform certain outreach functions; making certain technical corrections; altering a certain contribution requirement; requiring the Health Services Cost Review Commission to transfer all funds assessed and collected under a certain plan to a certain fund; providing that a certain carrier shall only enroll certain individuals in a certain plan for a certain period of time; requiring the State Comptroller of the Treasury to study the feasibility of a certain tax credit in consultation with the Department of Health and Mental Hygiene; requiring certain reports to be submitted to the Governor and the General Assembly; requiring the Department of Health and Mental Hygiene to study the feasibility of purchasing prescription drugs in a certain manner; requiring the Foundation to report certain information annually on or before a certain date; requiring the Department and a certain carrier to extend a certain contract on or before a certain date; providing that the Secretary of Health and Mental Hygiene may suspend the implementation or operation of a certain plan upon certain notice by the federal government; requiring a certain carrier to send a certain notice to certain individuals by a certain date; providing for the termination of certain portions of this Act; making certain provisions of this Act subject to certain contingencies; providing for the effective dates of this Act; and generally relating to prescription drug coverage.~~

~~BY adding to~~

~~Article – Health – General~~
~~Section 15-103(d), 15-124.1, and 15-124.2 15-124.2, and 15-606~~
~~Annotated Code of Maryland~~
~~(2000 Replacement Volume)~~

~~BY repealing and reenacting, with amendments,~~
~~Article – Health – General~~
~~Section 15-124(e), 15-601 through 15-604, inclusive, and 20-506~~
~~Annotated Code of Maryland~~
~~(2000 Replacement Volume)~~

~~BY repealing and reenacting, with amendments,~~
~~Article – Insurance~~
~~Section 15-606(a) and (c)~~
~~Annotated Code of Maryland~~
~~(1997 Volume and 2000 Supplement)~~

~~BY repealing and reenacting, with amendments,~~
~~Chapter 565 of the Acts of the General Assembly of 2000~~
~~Section 5~~

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

~~**Article – Health – General**~~

~~15-103.~~

~~(D) AS PERMITTED BY FEDERAL LAW OR WAIVER, THE SECRETARY SHALL ADMINISTER THE MARYLAND PHARMACY DISCOUNT PROGRAM, ESTABLISHED UNDER § 15-124.1 OF THIS SUBTITLE, AS PART OF THE MARYLAND MEDICAL ASSISTANCE PROGRAM.~~

~~15-124.~~

~~(e) The Secretary shall develop a program, in consultation with appropriate agencies, that will provide information to ineligible Maryland Pharmacy Assistance Program applicants regarding other programs that they may be eligible for including [free programs offered by drug manufacturers] THE MEDBANK PROGRAM ESTABLISHED UNDER § 15-124.2 OF THIS ARTICLE.~~

~~15-124.1.~~

~~(A) THERE IS A MARYLAND PHARMACY DISCOUNT PROGRAM WITHIN THE MARYLAND MEDICAL ASSISTANCE PROGRAM.~~

~~(B) THE PURPOSE OF THE PROGRAM IS TO IMPROVE THE HEALTH STATUS OF MEDICARE ENROLLEES AND CERTAIN UNINSURED LOW INCOME INDIVIDUALS WHO LACK PRESCRIPTION DRUG COVERAGE BY PROVIDING ACCESS TO LOWER COST, MEDICALLY NECESSARY, PRESCRIPTION DRUGS.~~

~~(C) THE PROGRAM SHALL BE ADMINISTERED AND OPERATED BY THE DEPARTMENT AS PERMITTED BY FEDERAL LAW OR WAIVER.~~

~~(D) THE PROGRAM SHALL BE OPEN TO:~~

~~(1) MEDICARE ENROLLEES WITHOUT OTHER PUBLIC OR PRIVATE PRESCRIPTION DRUG COVERAGE; AND~~

~~(2) OTHER INDIVIDUALS WITH AN ANNUAL HOUSEHOLD INCOME AT OR BELOW 300 PERCENT OF THE FEDERAL POVERTY GUIDELINES WITHOUT OTHER PUBLIC OR PRIVATE PRESCRIPTION DRUG COVERAGE.~~

~~(E) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, ENROLLEES OF THE PROGRAM SHALL BE ENTITLED TO PURCHASE MEDICALLY NECESSARY PRESCRIPTION DRUGS, COVERED UNDER MARYLAND MEDICAL ASSISTANCE PROGRAM, FROM ANY PHARMACY THAT PARTICIPATES IN THE MARYLAND MEDICAL ASSISTANCE PROGRAM AT A PRICE THAT IS EQUIVALENT TO THE PRICE PAID BY THE MARYLAND MEDICAL ASSISTANCE PROGRAM, INCLUDING THE BENEFIT MINUS THE AGGREGATE VALUE OF ANY FEDERALLY MANDATED MANUFACTURERS' REBATES.~~

~~(2) TO THE EXTENT AUTHORIZED UNDER FEDERAL WAIVER, EACH ENROLLEE WHOSE ANNUAL HOUSEHOLD INCOME IS AT OR BELOW 130 PERCENT OF THE FEDERAL POVERTY GUIDELINES SHALL BE ENTITLED TO A SUBSIDY EQUAL TO 75 PERCENT OF THE PRICE PAID BY THE MARYLAND MEDICAL ASSISTANCE PROGRAM FOR EACH PRESCRIPTION DRUG PURCHASED UNDER THE PROGRAM.~~

~~(2) (F) THE DEPARTMENT MAY ESTABLISH AN ANNUAL ENROLLMENT FEE TO COVER MECHANISMS TO:~~

~~(1) RECOVER THE ADMINISTRATIVE COSTS OF THE PROGRAM; AND~~

~~(2) REIMBURSE PARTICIPATING PHARMACIES IN AN AMOUNT EQUAL TO THE MARYLAND MEDICAL ASSISTANCE PRICE MINUS THE CO-PAYMENT PAID BY THE ENROLLEE FOR EACH PRESCRIPTION DRUG SOLD UNDER THE PROGRAM.~~

~~(F) (G) NOTWITHSTANDING SUBSECTION (D) OF THIS SECTION, AN INDIVIDUAL WHO IS ENROLLED IN OR HAS BEEN ENROLLED IN ANY OF THE FOLLOWING PROGRAMS IS ELIGIBLE TO ENROLL IN THE MARYLAND PHARMACY DISCOUNT PROGRAM, PROVIDED THE OTHER ELIGIBILITY CRITERIA ESTABLISHED UNDER THIS SECTION AND ANY REGULATIONS ADOPTED IN ACCORDANCE WITH THIS SECTION ARE MET:~~

~~(1) THE MEDBANK PROGRAM ESTABLISHED UNDER § 15-124.2 OF THIS SUBTITLE; AND~~

~~(2) THE MARYLAND PHARMACY ASSISTANCE PROGRAM ESTABLISHED UNDER § 15-124 OF THIS SUBTITLE.~~

~~(G) (H) THE SECRETARY SHALL ADOPT REGULATIONS TO IMPLEMENT THE PROGRAM.~~

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

~~**Article - Health - General**~~

~~15-124.1.~~

~~(A) THERE IS A MARYLAND PHARMACY DISCOUNT PROGRAM WITHIN THE MARYLAND PHARMACY ASSISTANCE PROGRAM.~~

~~(B) THE PURPOSE OF THE PROGRAM IS TO IMPROVE THE HEALTH STATUS OF MEDICARE ENROLLEES AND LOW INCOME INDIVIDUALS WHO LACK PRESCRIPTION DRUG COVERAGE BY PROVIDING ACCESS TO LOWER COST, MEDICALLY NECESSARY, PRESCRIPTION DRUGS.~~

~~(C) THE PROGRAM SHALL BE OPEN TO MEDICARE ENROLLEES WHO:~~

~~(1) LACK OTHER PUBLIC OR PRIVATE PRESCRIPTION DRUG COVERAGE; AND~~

~~(2) HAVE AN ANNUAL HOUSEHOLD INCOME AT OR BELOW 250 PERCENT OF THE FEDERAL POVERTY GUIDELINES.~~

~~(D) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, ENROLLEES OF THE PROGRAM SHALL BE ENTITLED TO PURCHASE MEDICALLY NECESSARY PRESCRIPTION DRUGS COVERED UNDER THE MARYLAND PHARMACY ASSISTANCE PROGRAM FROM ANY PHARMACY THAT PARTICIPATES IN THE MARYLAND PHARMACY ASSISTANCE PROGRAM AT A PRICE THAT IS EQUAL TO THE PRICE PAID BY THE MARYLAND PHARMACY ASSISTANCE PROGRAM, MINUS THE AGGREGATE VALUE OF ANY MANUFACTURERS' REBATES PROVIDED UNDER THAT PROGRAM.~~

~~(2) EACH ENROLLEE UNDER THE MARYLAND PHARMACY DISCOUNT PROGRAM WHOSE ANNUAL HOUSEHOLD INCOME IS AT OR BELOW 155 PERCENT OF THE FEDERAL POVERTY GUIDELINES SHALL BE ENTITLED TO A SUBSIDY EQUAL TO 50 PERCENT OF THE PRICE PAID BY THE MARYLAND PHARMACY ASSISTANCE PROGRAM FOR EACH PRESCRIPTION DRUG PURCHASED UNDER THE PROGRAM.~~

~~(E) THE DEPARTMENT MAY ESTABLISH MECHANISMS TO:~~

~~(1) RECOVER THE ADMINISTRATIVE COSTS OF THE PROGRAM; AND~~

~~(2) REIMBURSE PARTICIPATING PHARMACIES IN AN AMOUNT EQUAL TO THE MARYLAND MEDICAL ASSISTANCE PRICE MINUS THE COPAYMENT PAID BY THE ENROLLEE FOR EACH PRESCRIPTION DRUG SOLD UNDER THE PROGRAM.~~

~~SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:~~

~~**Article - Health - General**~~

~~15-124.2.~~

~~(A) THERE IS A MARYLAND MEDBANK PROGRAM.~~

~~(B) THE PURPOSE OF THE PROGRAM IS TO IMPROVE THE HEALTH STATUS OF LOW INCOME INDIVIDUALS WHO LACK PRESCRIPTION DRUG COVERAGE BY ACCESSING MEDICALLY NECESSARY PRESCRIPTION DRUGS THROUGH PATIENT ASSISTANCE PROGRAMS SPONSORED BY PHARMACEUTICAL DRUG MANUFACTURERS.~~

~~(C) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THE PROGRAM SHALL BE ADMINISTERED AND OPERATED BY THE MARYLAND HEALTH CARE FOUNDATION ESTABLISHED UNDER TITLE 20, SUBTITLE 5 OF THIS ARTICLE.~~

~~(2) (I) THE FOUNDATION MAY SHALL CONTRACT WITH ONE OR MORE QUALIFIED, NONPROFIT ORGANIZATIONS ENTITIES TO ADMINISTER AND OPERATE THE PROGRAM.~~

~~(II) SUBJECT TO SUBSECTION (E)(2) OF THIS SECTION, THE FOUNDATION SHALL GIVE PRIORITY TO ANY LOCAL HEALTH DEPARTMENT OR AREA AGENCY ON AGING WHEN SELECTING ENTITIES TO ADMINISTER AND OPERATE THE PROGRAM.~~

~~(D) (1) THE ADMINISTRATION AND OPERATION OF THE PROGRAM SHALL BE FUNDED AS PROVIDED FOR IN THE STATE BUDGET IN AN AMOUNT NOT MORE THAN $2 MILLION ANNUALLY.~~

~~(2) THE AMOUNT OF MONEY ALLOCATED TO ADMINISTRATIVE EXPENSES FOR THE PROGRAM MAY NOT EXCEED 10 PERCENT OF THE AMOUNT THAT IS ALLOCATED TO THE PROGRAM IN THE STATE BUDGET.~~

~~(2) (3) PROGRAM FUNDS SHALL BE USED IN PART TO PURCHASE INTERIM SUPPLIES OF PRESCRIPTION DRUGS FOR PROGRAM ENROLLEES WHO HAVE BEEN APPROVED TO PARTICIPATE IN A MANUFACTURER'S PATIENT ASSISTANCE PROGRAM BUT HAVE NOT YET RECEIVED THE APPROVED PRESCRIPTION DRUG.~~

~~(E) (1) THE FOUNDATION SHALL ENSURE THAT THE PROGRAM IS AVAILABLE TO RESIDENTS IN EACH GEOGRAPHIC REGION OF THE STATE. EACH OF THE FOLLOWING GEOGRAPHIC REGIONS OF THE STATE:~~

~~(I) WESTERN MARYLAND;~~

~~(II) THE EASTERN SHORE;~~

~~(III) THE BALTIMORE METROPOLITAN AREA;~~

~~(IV) THE MARYLAND COUNTIES IN THE WASHINGTON, D.C. METROPOLITAN AREA; AND~~

~~(V) SOUTHERN MARYLAND, INCLUDING ANNE ARUNDEL COUNTY.~~

~~(2) THE FOUNDATION SHALL USE THE MEDBANK OF MARYLAND, INC. AND THE WESTERN MARYLAND PRESCRIPTION PROGRAM AS THE REGIONAL OFFICES FOR THE BALTIMORE METROPOLITAN AREA AND WESTERN MARYLAND RESPECTIVELY.~~

~~(F) ELIGIBILITY FOR THE PROGRAM SHALL BE LIMITED BY THE CRITERIA ESTABLISHED BY PHARMACEUTICAL MANUFACTURERS FOR THEIR PATIENT ASSISTANCE PROGRAMS.~~

~~15-601.~~

~~(a) In this subtitle the following words have the meanings indicated.~~

~~(b) "Carrier" means:~~

~~(1) An authorized insurer;~~

~~(2) A nonprofit health service plan;~~

~~(3) A health maintenance organization;~~

~~(4) A managed care organization;~~

~~(5) A dental plan organization; or~~

~~(6) Any other person that provides health benefit plans subject to regulation by the State.~~

~~(c) "Eligible individual" means an individual who:~~

~~(1) Is a resident of Maryland and at least 65 years of age;~~

~~(2) Is eligible for Medicare [Plus Choice, as defined under Title XVIII of the federal Social Security Act, as amended] COVERAGE;~~

~~(3) [Resides in a medically underserved county or portion of a county;~~

~~(4) Pays the premium for Medicare Part "B", as required by Title XVIII of the Social Security Act, as amended;~~

~~(5)] Is not enrolled in a Medicare Plus Choice managed care program OR OTHER INSURANCE PROGRAM that provides prescription drug benefits at the time that the individual applies for enrollment in the plan; [and]~~

~~(4) HAS AN ANNUAL HOUSEHOLD INCOME AT OR BELOW 300 PERCENT OF THE FEDERAL POVERTY GUIDELINES; AND~~

~~[(6)]~~ ~~(5)~~ ~~Pays the premium, co-payments, and deductibles for the plan.~~

~~(d)~~ ~~"Enrollee" means an individual enrolled in the plan.~~

~~(e)~~ ~~"Fund" means the Short-Term Prescription Drug Subsidy Plan Fund created under § 15-604 of this subtitle.~~

~~[(f)~~ ~~"Medically underserved county" means any of the following counties:~~

~~(1)~~ ~~Allegany County;~~

~~(2)~~ ~~Calvert County;~~

~~(3)~~ ~~Caroline County;~~

~~(4)~~ ~~Carroll County;~~

~~(5)~~ ~~Cecil County;~~

~~(6)~~ ~~Charles County;~~

~~(7)~~ ~~Dorchester County;~~

~~(8)~~ ~~Frederick County;~~

~~(9)~~ ~~Garrett County;~~

~~(10)~~ ~~Kent County;~~

~~(11)~~ ~~Queen Anne's County;~~

~~(12)~~ ~~St. Mary's County;~~

~~(13)~~ ~~Somerset County;~~

~~(14)~~ ~~Talbot County;~~

~~(15)~~ ~~Washington County;~~

~~(16)~~ ~~Wicomico County; or~~

~~(17)~~ ~~Worcester County.~~

~~(g)~~ ~~"Portion of a county" means a geographic part of a county not listed in subsection (f) of this section that was served by a Medicare Plus Choice managed care provider prior to January 1, 2000, and is no longer served.]~~

~~[(h)]~~ ~~(F)~~ ~~"Plan" means the Short-Term Prescription Drug Subsidy Plan established under this subtitle.~~

~~15-602.~~

~~(a) A carrier that is required to provide the Short-Term Prescription Drug Subsidy Plan under § 15-606(c) of the Insurance Article shall:~~

~~(1) Sign a contract with the Secretary agreeing to provide prescription drug benefits to eligible individuals for a period of at least 2 years;~~

~~(2) Except as otherwise required under State or federal law, agree not to alter the level or types of benefits provided under the Plan throughout the 2-year period of the contract;~~

~~(3) Agree to hold enrollee premiums at the same level throughout the 2-year contract period;~~

~~[(4) Agree to continue to serve at least the same medically underserved counties or portions of counties throughout the 2-year contract period;] and~~

~~[(5)] (4) [Make all performance review and financial records available for review by] SUBMIT A DETAILED QUARTERLY FINANCIAL ACCOUNTING OF THE PLAN, INCLUDING THE IDENTIFICATION OF ALL REVENUE AND COST ITEMS, TO the Secretary and the Maryland Insurance Administration.~~

~~(b) The carrier is not required, in providing the Plan, to offer any other benefit otherwise required under Title 19, Subtitle 7 of this article or Title 15, Subtitle 8 of the Insurance Article.~~

~~15-603.~~

~~(a) The Plan provided under this subtitle shall:~~

~~(1) Throughout the 2-year contract period, provide benefits to not more than [15,000] 50,000 enrollees at any one time who are eligible individuals [and who reside in any of the medically underserved counties or portions of counties];~~

~~(2) Set the monthly premium charged an enrollee at [$40] $10;~~

~~(3) Set the deductible charged an enrollee at $50 per year per individual;~~

~~(4) Limit the co-pay charged an enrollee to:~~

~~(i) $10 for a prescription for a generic drug;~~

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

~~(iii) $35 for a prescription for a nonpreferred brand name drug; and~~

~~(5) [Limit] SUBJECT TO SUBSECTION (D) OF THIS SECTION, LIMIT the total annual benefit to [$1,000] $1,200 per individual.~~

~~(b) The Plan may include a restricted formulary of experimental drugs not approved by the federal Food and Drug Administration for general use that will not be reimbursed.~~

~~(c) [(1) During the first 180 days of the operation of the Plan, the carrier may enroll only eligible individuals who were:~~

~~(i) Enrolled in Medicare Plus Choice managed care programs in medically underserved counties or portions of counties on or before December 31, 1999; and~~

~~(ii) After December 31, 1999, ceased to be enrolled in those plans.~~

~~(2) On and after the 181st day of the operation of the Plan, the carrier may enroll any eligible individual.~~

~~(3) The carrier shall work with the Secretary and the Maryland Department of Aging to provide notice, through the written and electronic media and other means, to the eligible individuals eligible for enrollment in the first 180 days of the operation of the Plan, of the availability of the Plan and of the enrollment preference to be granted.] EFFECTIVE JULY 1, 2001, FOR THE YEAR BEGINNING JULY 1, 2001, THE CARRIER SHALL DISREGARD ALL BENEFIT AMOUNTS REALIZED UNDER THE PLAN BY EACH ENROLLEE THROUGH JUNE 30, 2001, FOR THE PURPOSE OF CALCULATING THE ENROLLEE'S PROGRESS TOWARD THE TOTAL ANNUAL BENEFIT LIMIT.~~

~~15-604.~~

~~(a) There is a Short-Term Prescription Drug Subsidy Plan Fund.~~

~~(b) The Fund [contains the] CONSISTS OF:~~

~~(1) THE assessment against carriers made under § 15-606(c) of the Insurance Article;~~

~~(2) PREMIUMS COLLECTED UNDER § 15-603 OF THIS SUBTITLE; AND~~

~~(3) INTEREST AND INVESTMENT INCOME.~~

~~(c) The Fund is a special, continuing, nonlapsing fund that is not subject to § 7-302 of the State Finance and Procurement Article.~~

~~(d) The Treasurer shall separately hold, and the Comptroller shall account, for the Fund.~~

~~(e) (1) The Fund shall be invested and reinvested in the same manner as other State funds.~~

~~(2) Any INTEREST AND investment earnings shall be retained to the credit of the Fund.~~

~~(f) The Fund shall be subject to an audit by the Office of Legislative Audits, as provided in § 2-1220 of the State Government Article.~~

~~(g) The Secretary shall transfer the moneys in the Fund to the carrier providing the Plan as the moneys are needed to provide benefits to enrollees in the Plan AS DOCUMENTED IN THE CARRIER'S ANNUAL REPORT SUBMITTED TO THE SECRETARY AND THE MARYLAND INSURANCE COMMISSIONER UNDER § 15-602(A)(4) OF THIS SUBTITLE.~~

~~15-606.~~

~~(A) FOR THE PURPOSE OF MAXIMIZING PARTICIPATION IN THE PLAN, THE DEPARTMENT SHALL DEVELOP AND IMPLEMENT AN OUTREACH PROGRAM TARGETED AT ELIGIBLE INDIVIDUALS.~~

~~(B) THE DEPARTMENT SHALL PUBLICIZE THE EXISTENCE AND ELIGIBILITY REQUIREMENTS OF THE PLAN THROUGH THE FOLLOWING ENTITIES:~~

~~(1) THE DEPARTMENT OF AGING;~~

~~(2) LOCAL HEALTH DEPARTMENTS;~~

~~(3) CONTINUING CARE RETIREMENT COMMUNITIES;~~

~~(4) PLACES OF WORSHIP;~~

~~(5) CIVIC ORGANIZATIONS;~~

~~(6) COMMUNITY PHARMACIES; AND~~

~~(7) ANY OTHER ENTITY THAT THE DEPARTMENT DETERMINES APPROPRIATE.~~

~~(C) THE DEPARTMENT OF AGING, THROUGH ITS SENIOR HEALTH INSURANCE PROGRAM, SHALL:~~

~~(1) ASSIST ELIGIBLE INDIVIDUALS IN APPLYING FOR COVERAGE UNDER THE PLAN; AND~~

~~(2) PROVIDE NOTICE OF THE PLAN AND ITS ELIGIBILITY REQUIREMENTS TO EACH INDIVIDUAL WHO SEEKS HEALTH INSURANCE COUNSELING SERVICES THROUGH THE DEPARTMENT OF AGING.~~

~~(D) THE DEPARTMENT SHALL ENSURE THAT THE ENTITIES USED TO PUBLICIZE THE EXISTENCE OF THE PLAN UNDER SUBSECTION (B) OF THIS SECTION ALSO HAVE SUFFICIENT PLAN APPLICATIONS AND ENROLLMENT MATERIALS FOR DISTRIBUTION.~~

~~(E) AS PART OF ITS OUTREACH PROGRAM, THE DEPARTMENT SHALL DEVELOP A MAIL-IN APPLICATION.~~

~~(F) THE OUTREACH PROGRAM FOR THE PLAN SHALL BE FUNDED THROUGH THE SHORT-TERM DRUG SUBSIDY PLAN FUND ESTABLISHED UNDER § 15-604 OF THIS SUBTITLE AS APPROPRIATED IN THE STATE BUDGET.~~

~~20-506.~~

~~(a) The Foundation shall:~~

~~(1) Solicit and accept any gift, grant, legacy, or endowment of money, including in-kind services, from the federal government, State government, local government, or any private source in furtherance of the Foundation;~~

~~(2) Provide grants to programs that:~~

~~(i) Promote public awareness of the need to provide more timely and cost-effective care for uninsured Marylanders;~~

~~(ii) Expand access to health care services for uninsured individuals; or~~

~~(iii) Provide or subsidize health insurance coverage for uninsured individuals;~~

~~(3) Study the feasibility and cost-effectiveness of providing health insurance coverage through the private market to uninsured children and their families as part of the program established under § 15-301 of this article;~~

~~(4) Develop programs for sponsorship by corporate and business organizations or private individuals;~~

~~(5) Develop criteria for awarding grants to health care delivery programs, insurance coverage programs, or corporate sponsorship programs;~~

~~(6) Develop criteria for prioritizing programs to be supported;~~

~~(7) Develop criteria for evaluating the effectiveness of programs receiving grants;~~

~~(8) Make, execute, and enter into any contract or other legal instrument;~~

~~(9) Receive appropriations as provided in the State budget;~~

~~(10) Lease and maintain an office at a place within the State that the Foundation designates;~~

~~(11) Adopt bylaws for the regulation of its affairs and the conduct of its business;~~

~~(12) ADMINISTER AND OPERATE THE MEDBANK PROGRAM AS ESTABLISHED UNDER IN ACCORDANCE WITH § 15-124.2 OF THIS ARTICLE;~~

~~(13) Take any other action necessary to carry out the purposes of the Foundation; and~~

~~[(13)] (14) Report annually to the Governor and, subject to § 2-1246 of the State Government Article, to the General Assembly, on its activities during the preceding year, including an evaluation of the effectiveness of funded programs, together with any recommendations or requests deemed appropriate to further the purposes of the Foundation.~~

~~(b) The Foundation may sue and be sued, but only to enforce contractual or similar agreements with the Foundation.~~

~~**Article - Insurance**~~

~~15-606.~~

~~(a) In this section, "carrier" means:~~

~~(1) an insurer;~~

~~(2) a nonprofit health service plan;~~

~~(3) a health maintenance organization; OR~~

~~(4) [a dental plan organization; or~~

~~(5)] any other person that provides health benefit plans subject to regulation by the State.~~

~~(c) (1) In addition to the requirements imposed under subsection (b) of this section, a carrier may not receive the approved purchaser differential unless the carrier contributes, as provided in paragraph (2) of this subsection, to the Short-Term Prescription Drug Subsidy Plan created under Title 15, Subtitle 6 of the Health - General Article.~~

~~(2) (i) The total contributions to be made to the Short-Term Prescription Drug Subsidy Plan by all carriers participating in the substantial, [affordable, and available] AVAILABLE, AND AFFORDABLE coverage differential program shall be [$5.4 million per year] EQUAL TO 50 PERCENT OF THE VALUE OF THE DIFFERENTIAL PROVIDED TO ALL CARRIERS THAT OFFER SUBSTANTIAL, AVAILABLE, AND AFFORDABLE COVERAGE IN THE NONGROUP INSURANCE MARKET.~~

~~(ii) 1. Each carrier participating in the substantial, [affordable, and available] AVAILABLE, AND AFFORDABLE coverage differential program shall contribute an amount to the Short-Term Prescription Drug Subsidy Plan that is equal to the total derived by multiplying [$5.4 million] 50 PERCENT OF THE VALUE OF THE DIFFERENTIAL PROVIDED TO ALL CARRIERS IN THE PROGRAM by the percentage of the total benefit to all carriers from the substantial, [affordable, and available] AVAILABLE, AND AFFORDABLE coverage differential that the carrier [receives] RECEIVED on January 1, [2000] 2001.~~

~~2. On July 1 of each year, the Health Services Cost Review Commission shall calculate each carrier's contribution and assess the contribution as provided in this subsection.~~

~~(iii) 1. The last carrier to provide Medicare Plus Choice coverage in medically underserved counties or portions of counties shall use an amount equal to the contribution derived under subparagraph (ii) of this paragraph to provide the Short-Term Prescription Drug Subsidy Plan created under Title 15, Subtitle 6 of the Health – General Article.~~

~~2. The carrier is not required, in providing the plan under this subparagraph, to offer any other benefit otherwise required under Title 19, Subtitle 7 of the Health – General Article or Subtitle 8 of this title.~~

~~(iv) The Health Services Cost Review Commission shall annually assess [any] EACH carrier [other than the carrier described under subparagraph (iii) of this paragraph] for the carrier's contribution and shall transfer the contribution to the Treasurer of the State, for payment into the Short-Term Prescription Drug Subsidy Fund created under § 15-604 of the Health – General Article.~~

~~(v) If a carrier withdraws from the substantial, [affordable, and available] AVAILABLE, AND AFFORDABLE coverage program, the Commission shall recalculate the contributions to the prescription drug subsidy plan for the remaining carriers.~~

~~SECTION 4. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:~~

~~**Chapter 565 of the Acts of 2000**~~

~~SECTION 5. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2000. On the earlier of the end of June 30, [2002] 2003, or the availability of comparable prescription pharmacy benefits provided by Medicare under Title XVIII of the Social Security Act, as amended, with no further action required by the General Assembly, this Act shall be abrogated and of no further force and effect. If comparable prescription pharmacy benefits are provided by Medicare under Title XVIII of the Social Security Act, the Secretary of Health and Mental Hygiene shall notify the Department of Legislative Services, 90 State Circle, Annapolis, Maryland 21401 not later than 90 days before prescription drug benefits are to be provided.~~

~~SECTION 2.~~ 5. ~~AND BE IT FURTHER ENACTED, That the Department of Health and Mental Hygiene shall submit to the federal Health Care Financing Administration an application for an amendment to the State's existing 1115 demonstration waiver necessary to implement the Maryland Pharmacy Discount Program established under § 15-124.1 of the Health – General Article. The Department shall apply for federal matching funds subject to budget neutrality requirements under § 1115 of the Social Security Act and the availability of State funds.~~

~~SECTION 6. AND BE IT FURTHER ENACTED, That:~~

~~(a) the State Comptroller of the Treasury, in consultation with the Department of Health and Mental Hygiene, shall study the feasibility of providing a tax credit for catastrophic out-of-pocket prescription drug expenses;~~

~~(b) the study shall include a consideration of:~~

~~(1) eligibility thresholds, including income and other status factors, for qualification for a tax credit;~~

~~(2) the nature and scope of out-of-pocket expenses that would be considered in calculating a tax credit;~~

~~(3) the fiscal impact, costs, and benefits of a variety of sizes of tax credits; and~~

~~(4) whether a tax credit should be refundable; and~~

~~(c) (1) the Comptroller shall report, on or before December 1, 2001, to the Governor and, in accordance with § 2-1246 of the State Government Article, to the General Assembly on any findings and recommendations; and~~

~~(2) if a recommendation for a tax credit is made, the Comptroller shall make a recommendation on the appropriate size, nature, and scope of the tax credit.~~

~~SECTION 7. AND BE IT FURTHER ENACTED, That:~~

~~(a) the Department of Health and Mental Hygiene shall study the feasibility of purchasing prescription drugs through federally qualified health centers and local health departments in Maryland to maximize the number of people who can benefit from the purchasing power of these entities, especially under available federal prescription drug pricing programs; and~~

~~(b) the Department shall, on or before December 1, 2001, report to the Governor and, in accordance with § 2-1246 of the State Government Article, to the General Assembly on:~~

~~(1) the scope of each entity's purchasing power under federal prescription drug pricing programs;~~

~~(2) the federal restrictions or requirements placed on these entities as conditions for participation in federal prescription drug pricing programs;~~

~~(3) the number and demographic characteristics, including area of residence, economic status, and insurance status, of the individuals eligible to utilize available prescription drug pricing programs through these entities in the State;~~

~~(4) the types of prescription drugs that are or could be available through federal prescription drug pricing programs through these entities in the State;~~

~~(5) recommendations regarding:~~

~~(i) whether to pursue a method to access federal prescription drug pricing programs through these entities in the State; and~~

~~(ii) if the recommendation under subparagraph (i) of this paragraph is affirmative:~~

~~1. the most appropriate method or methods to maximize the potential of federal prescription drug pricing programs through these entities in the State;~~

~~2. the best option or options for financing any method or methods recommended under item 1 of this subparagraph; and~~

~~3. the nature and extent of outreach that should be performed to best inform eligible individuals of the ability to obtain prescription drugs through the federally qualified health centers in the State; and~~

~~(6) the costs and benefits of any recommendations under paragraph (3)(ii) of this section.~~

~~SECTION 8. AND BE IT FURTHER ENACTED, That the Maryland Health Care Foundation shall report, in accordance with § 2-1246 of the State Government Article, to the General Assembly, and to the Governor, on or before December 1, 2001, and annually thereafter, on the Maryland Medbank Program created under Section 3 of this Act, including:~~

~~(a) the number and demographic characteristics of the State residents served by the program;~~

~~(b) the types and approximate value of prescription drugs accessed through the program; and~~

~~(c) the nature and extent of outreach performed to inform State residents of the assistance available through the program.~~

~~SECTION 9. AND BE IT FURTHER ENACTED, That the Secretary of Health and Mental Hygiene shall adopt regulations not later than June 30, 2001 to implement the provisions of Section 3 of this Act.~~

~~SECTION 10. AND BE IT FURTHER ENACTED, That the Secretary of Health and Mental Hygiene and the carrier that is required to provide the Short-Term Prescription Drug Subsidy Plan under § 15-606(c) of the Insurance Article shall agree, not later than June 30, 2001, to modify the contract required under Chapter 565 of the Acts of the General Assembly of 2000 to enable the implementation, effective July 1, 2001, of the provisions of Section 3 of this Act.~~

~~SECTION 11. AND BE IT FURTHER ENACTED, That, if the Secretary of Health and Mental Hygiene is notified by the federal Health Care Financing~~

~~Administration that any provision of Section 3 of this Act will invalidate the Maryland Medicare Waiver or cause a reduction in the State's eligibility for federal funding of Medicaid, the Secretary may suspend the implementation or operation of the provision of Section 3 of this Act that is the subject of the notification.~~

~~SECTION 12. AND BE IT FURTHER ENACTED, That Section 3 of this Act shall take effect July 1, 2001. On the earlier of the end of June 30, 2003, or the availability of comparable prescription drug benefits provided by Medicare under Title XVIII of the Social Security Act, as amended, with no further action required by the General Assembly, Section 3 of this Act shall be abrogated and of no further force and effect. If comparable prescription drug benefits are provided by Medicare under Title XVIII of the Social Security Act, the Secretary of Health and Mental Hygiene shall notify the Department of Legislative Services, 90 State Circle, Annapolis, Maryland 21401 not later than 90 days before prescription drug benefits are to be provided.~~

~~SECTION 13. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall take effect on the date that the federal Health Care Financing Administration approves a waiver expansion applied for in accordance with Section 5 of this Act. The Department of Health and Mental Hygiene shall, within 5 working days of the date of the approval of the State's waiver expansion application, notify the Department of Legislative Services in writing at 90 State Circle, Annapolis, Maryland 21401. If the waiver expansion is denied, Section 1 of this Act shall be null and void without the necessity of further action by the General Assembly.~~

~~SECTION 14. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall take effect on the date that the federal Health Care Financing Administration denies a waiver expansion applied for in accordance with Section 5 of this Act. The Department of Health and Mental Hygiene shall, within 5 working days of the date of the denial of the State's waiver expansion application, notify the Department of Legislative Services in writing at 90 State Circle, Annapolis, Maryland 21401. If the waiver expansion is approved, Section 2 of this Act shall be null and void without the necessity of further action by the General Assembly.~~

~~SECTION 15. AND BE IT FURTHER ENACTED, That:~~

~~(a) No later than July 1, 2001, the carrier that is required to provide the Short-Term Prescription Drug Subsidy Plan established under § 15-606 of the Insurance Article, as enacted by Section 3 of this Act, shall notify each individual who was enrolled in a Medicare Plus Choice plan on or before December 31, 1999 and lost coverage under that plan on or after January 1, 2000, of the existence of and eligibility criteria for the Plan.~~

~~(b) (1) For the first 90 days following the effective date of this Act, the carrier that is required to provide the Short-Term Prescription Drug Subsidy Plan under § 15-606 of the Insurance Article, as enacted by Section 3 of this Act, shall enroll in the Short-Term Prescription Drug Subsidy Plan only eligible individuals who:~~

~~(i) were enrolled in a Medicare Plus Choice managed care program on or before December 31, 1999;~~

~~(ii) lost coverage under a Medicare Plus Choice managed care plan after December 31, 1999; and~~

~~(iii) have an annual household income at or below 300 percent of the federal poverty guidelines.~~

~~(2) After the 90th day following the effective date of this Act, the carrier may enroll any individual eligible under § 15-601(c) of the Health - General Article as enacted by Section 2 of this Act.~~

~~SECTION 3. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall take effect June 1, 2001.~~

~~SECTION 16. AND BE IT FURTHER ENACTED, That Sections 9, 10, and 15 of this Act shall take effect June 1, 2001.~~

~~SECTION 4.~~ 17. ~~AND BE IT FURTHER ENACTED, That, except as provided in Section 3~~ Sections 13, 14, 16 ~~of this Act, this Act shall take effect October~~ July 1, 2001.

FOR the purpose of establishing certain prescription drug benefit programs; establishing eligibility criteria for certain prescription drug benefit programs; requiring the Department of Health and Mental Hygiene to administer and operate a certain program as permitted by federal law or waiver; providing for an exception to a certain eligibility limitation; authorizing the Department to establish certain mechanisms to recover certain administrative costs, to reimburse certain participating pharmacies, and to allow certain pharmacies to charge a certain processing fee; requiring the Secretary of Health and Mental Hygiene to adopt certain regulations; requiring the Department to apply for a certain waiver expansion to implement certain programs; requiring the Maryland Health Care Foundation to operate and administer a certain program; requiring the Foundation to contract with certain government or nonprofit organizations to operate and administer the program; specifying the funding for the program; authorizing certain funds to be spent on certain interim supplies of prescription drugs; requiring the Foundation to make the program available in each geographic region of the State; altering the eligibility requirements for the Short-Term Prescription Drug Subsidy Plan; altering certain definitions; repealing certain definitions; altering the conditions for a carrier to provide the subsidy plan; extending the duration of the subsidy plan; lowering the monthly premium under the subsidy plan; increasing the benefit limit under the subsidy plan; eliminating the deductible under the subsidy plan; expanding the total number of enrollees allowed under the subsidy plan; requiring a certain carrier to alter the calculation of certain benefits beginning on a certain date; requiring a certain carrier to submit a certain quarterly financial accounting to certain agencies; specifying the contents of the Short-Term Prescription Drug Subsidy Plan Fund; requiring a certain carrier to develop and implement a certain marketing plan; providing that the marketing plan must be submitted to and

approved by the Insurance Commissioner; requiring the Department of Health and Mental Hygiene to develop and implement a certain outreach program; requiring the Department of Aging to perform certain outreach functions; making certain technical corrections; altering a certain contribution requirement for the Fund; requiring the Health Services Cost Review Commission to transfer all funds assessed and collected under a certain plan to a certain fund; requiring the State Comptroller of the Treasury to study the feasibility of a certain tax credit in consultation with the Department of Health and Mental Hygiene; requiring certain reports to be submitted to the Governor and the General Assembly; requiring the Department of Health and Mental Hygiene to study the feasibility of purchasing prescription drugs in a certain manner; requiring the Foundation to report certain information annually on or before a certain date; requiring the Department to study the impact of a certain program on certain entities; providing that certain individuals shall remain eligible for the subsidy plan regardless of the imposition of certain new eligibility requirements; requiring the Department and a certain carrier to extend a certain contract on or before a certain date; providing that the Secretary of Health and Mental Hygiene may suspend the implementation or operation of a certain plan upon certain notice by the federal government; requiring a certain carrier to send a certain notice to certain individuals by a certain date; stating the intent of the General Assembly; providing for the termination of certain provisions of this Act; making certain provisions of this Act subject to certain contingencies; providing for the effective dates of this Act; and generally relating to prescription drug benefits.

BY adding to
Article - Health - General
Section 15-103(d), 15-124.1, 15-124.2, and 15-606
Annotated Code of Maryland
(2000 Replacement Volume)

BY repealing and reenacting, with amendments,
Article - Health - General
Section 15-124(e), 15-601 through 15-604, inclusive, and 20-506
Annotated Code of Maryland
(2000 Replacement Volume)

BY repealing and reenacting, with amendments,
Article - Insurance
Section 15-606(a) and (c)
Annotated Code of Maryland
(1997 Volume and 2000 Supplement)

BY repealing and reenacting, with amendments,
Chapter 565 of the Acts of the General Assembly of 2000
Section 2

BY repealing
Chapter 565 of the Acts of the General Assembly of 2000
Section 4 and 5

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

Article - Health - General

15-103.

(D) AS PERMITTED BY FEDERAL LAW OR WAIVER, THE SECRETARY SHALL ADMINISTER THE MARYLAND PHARMACY DISCOUNT PROGRAM, ESTABLISHED UNDER § 15-124.1 OF THIS SUBTITLE, AS PART OF THE MARYLAND MEDICAL ASSISTANCE PROGRAM.

15-124.

(e) The Secretary shall develop a program, in consultation with appropriate agencies, that will provide information to ineligible Maryland Pharmacy Assistance Program applicants regarding other programs that they may be eligible for including [free programs offered by drug manufacturers] THE MARYLAND MEDBANK PROGRAM ESTABLISHED UNDER § 15-124.2 OF THIS SUBTITLE AND THE SHORT-TERM PRESCRIPTION DRUG SUBSIDY PLAN ESTABLISHED UNDER SUBTITLE 6 OF THIS TITLE.

15-124.1.

(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED:

(2) "ENROLLEE" MEANS AN INDIVIDUAL WHO IS ENROLLED IN THE MARYLAND PHARMACY DISCOUNT PROGRAM.

(3) "PROGRAM" MEANS THE MARYLAND PHARMACY DISCOUNT PROGRAM ESTABLISHED UNDER THIS SECTION.

(B) THERE IS A MARYLAND PHARMACY DISCOUNT PROGRAM WITHIN THE MARYLAND MEDICAL ASSISTANCE PROGRAM.

(C) THE PURPOSE OF THE PROGRAM IS TO IMPROVE THE HEALTH STATUS OF MEDICARE BENEFICIARIES WHO LACK PRESCRIPTION DRUG COVERAGE BY PROVIDING ACCESS TO LOWER COST, MEDICALLY NECESSARY, PRESCRIPTION DRUGS.

(D) THE PROGRAM SHALL BE ADMINISTERED AND OPERATED BY THE DEPARTMENT AS PERMITTED BY FEDERAL LAW OR WAIVER.

(E) (1) THE PROGRAM SHALL BE OPEN TO MEDICARE BENEFICIARIES WHO LACK OTHER PUBLIC OR PRIVATE PRESCRIPTION DRUG COVERAGE.

(2) NOTWITHSTANDING PARAGRAPH (1) OF THIS SUBSECTION, ENROLLMENT IN THE MARYLAND MEDBANK PROGRAM ESTABLISHED UNDER § 15-124.2 OF THIS SUBTITLE OR THE MARYLAND PHARMACY ASSISTANCE PROGRAM ESTABLISHED UNDER § 15-124 OF THIS SUBTITLE DOES NOT DISQUALIFY AN INDIVIDUAL FROM BEING ELIGIBLE FOR THE PROGRAM.

(F) (1) SUBJECT TO SUBSECTION (G) OF THIS SECTION, AN ENROLLEE MAY PURCHASE MEDICALLY NECESSARY PRESCRIPTION DRUGS THAT ARE COVERED UNDER THE MARYLAND MEDICAL ASSISTANCE PROGRAM FROM ANY PHARMACY THAT PARTICIPATES IN THE MARYLAND MEDICAL ASSISTANCE PROGRAM AT A PRICE THAT IS BASED ON THE PRICE PAID BY THE MARYLAND MEDICAL ASSISTANCE PROGRAM, MINUS THE AGGREGATE VALUE OF ANY FEDERALLY MANDATED MANUFACTURERS' REBATES.

(2) SUBJECT TO SUBSECTION (G) OF THIS SECTION, AND TO THE EXTENT AUTHORIZED UNDER FEDERAL WAIVER, AN ENROLLEE WHOSE ANNUAL HOUSEHOLD INCOME IS AT OR BELOW 175 PERCENT OF THE FEDERAL POVERTY GUIDELINES MAY RECEIVE A DISCOUNT SUBSIDIZED BY THE DEPARTMENT THAT IS EQUAL TO 35 PERCENT OF THE PRICE PAID BY THE MARYLAND MEDICAL ASSISTANCE PROGRAM FOR EACH MEDICALLY NECESSARY PRESCRIPTION DRUG PURCHASED UNDER THE PROGRAM.

(G) THE DEPARTMENT MAY ESTABLISH MECHANISMS TO:

(1) RECOVER THE ADMINISTRATIVE COSTS OF THE PROGRAM;

(2) REIMBURSE PARTICIPATING PHARMACIES IN AN AMOUNT EQUAL TO THE MARYLAND MEDICAL ASSISTANCE PRICE, MINUS THE COPAYMENT PAID BY THE ENROLLEE FOR EACH PRESCRIPTION FILLED UNDER THE PROGRAM; AND

(3) ALLOW PARTICIPATING PHARMACIES TO COLLECT A $1 PROCESSING FEE, IN ADDITION TO ANY AUTHORIZED DISPENSING FEE, FOR EACH PRESCRIPTION FILLED FOR AN ENROLLEE UNDER THE PROGRAM.

(H) THE SECRETARY SHALL ADOPT REGULATIONS TO IMPLEMENT THE PROGRAM.

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

Article - Health - General

15-103.

(D) AS PERMITTED BY FEDERAL LAW, THE SECRETARY SHALL ADMINISTER THE MARYLAND PHARMACY DISCOUNT PROGRAM, ESTABLISHED UNDER § 15-124.1 OF THIS SUBTITLE, AS PART OF THE MARYLAND PHARMACY ASSISTANCE PROGRAM.

15-124.1.

(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED:

(2) "ENROLLEE" MEANS AN INDIVIDUAL WHO IS ENROLLED IN THE MARYLAND PHARMACY DISCOUNT PROGRAM.

(3) "PROGRAM" MEANS THE MARYLAND PHARMACY DISCOUNT PROGRAM ESTABLISHED UNDER THIS SECTION.

(B) THERE IS A MARYLAND PHARMACY DISCOUNT PROGRAM WITHIN THE MARYLAND PHARMACY ASSISTANCE PROGRAM.

(C) THE PURPOSE OF THE PROGRAM IS TO IMPROVE THE HEALTH STATUS OF LOW INCOME MEDICARE BENEFICIARIES WHO LACK PRESCRIPTION DRUG COVERAGE BY PROVIDING ACCESS TO LOWER COST, MEDICALLY NECESSARY, PRESCRIPTION DRUGS.

(D) THE PROGRAM SHALL BE OPEN TO MEDICARE BENEFICIARIES WHO:

(1) LACK OTHER PUBLIC OR PRIVATE PRESCRIPTION DRUG COVERAGE; AND

(2) HAVE AN ANNUAL HOUSEHOLD INCOME AT OR BELOW 250 PERCENT OF THE FEDERAL POVERTY GUIDELINES.

(E) (1) SUBJECT TO SUBSECTION (F) OF THIS SECTION, AN ENROLLEE MAY PURCHASE MEDICALLY NECESSARY PRESCRIPTION DRUGS THAT ARE COVERED UNDER THE MARYLAND PHARMACY ASSISTANCE PROGRAM FROM ANY PHARMACY THAT PARTICIPATES IN THE MARYLAND PHARMACY ASSISTANCE PROGRAM AT A PRICE THAT IS BASED ON THE PRICE PAID BY THE MARYLAND PHARMACY ASSISTANCE PROGRAM, MINUS THE AGGREGATE VALUE OF ANY MANUFACTURERS' REBATES PROVIDED UNDER THAT PROGRAM.

(2) EACH ENROLLEE UNDER THE PROGRAM WHOSE ANNUAL HOUSEHOLD INCOME IS AT OR BELOW 175 PERCENT OF THE FEDERAL POVERTY GUIDELINES MAY RECEIVE A DISCOUNT SUBSIDIZED BY THE DEPARTMENT THAT IS EQUAL TO 25 PERCENT OF THE PRICE PAID BY THE MARYLAND PHARMACY ASSISTANCE PROGRAM FOR EACH PRESCRIPTION DRUG PURCHASED UNDER THE PROGRAM.

(F) THE DEPARTMENT MAY ESTABLISH MECHANISMS TO:

(1) RECOVER THE ADMINISTRATIVE COSTS OF THE PROGRAM;

(2) REIMBURSE PARTICIPATING PHARMACIES IN AN AMOUNT EQUAL TO THE PRICE PAID BY THE MARYLAND PHARMACY ASSISTANCE PROGRAM, MINUS THE COPAYMENT PAID BY THE ENROLLEE FOR EACH PRESCRIPTION FILLED UNDER THE PROGRAM; AND

(3) ALLOW PARTICIPATING PHARMACIES TO COLLECT A $1 PROCESSING FEE, IN ADDITION TO ANY AUTHORIZED DISPENSING FEE, FOR EACH PRESCRIPTION FILLED FOR AN ENROLLEE UNDER THE PROGRAM.

(G) THE SECRETARY SHALL ADOPT REGULATIONS TO IMPLEMENT THE PROGRAM.

SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article - Health - General

15-124.2.

(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED:

(2) "FOUNDATION" MEANS THE MARYLAND HEALTH CARE FOUNDATION ESTABLISHED UNDER § 20-502 OF THIS ARTICLE.

(3) "PROGRAM" MEANS THE MARYLAND MEDBANK PROGRAM ESTABLISHED UNDER THIS SECTION.

(B) THERE IS A MARYLAND MEDBANK PROGRAM.

(C) THE PURPOSE OF THE PROGRAM IS TO IMPROVE THE HEALTH STATUS OF INDIVIDUALS THROUGHOUT THE STATE WHO LACK PRESCRIPTION DRUG COVERAGE BY PROVIDING ACCESS TO MEDICALLY NECESSARY PRESCRIPTION DRUGS THROUGH PATIENT ASSISTANCE PROGRAMS SPONSORED BY PHARMACEUTICAL DRUG MANUFACTURERS.

(D) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THE PROGRAM SHALL BE ADMINISTERED BY THE FOUNDATION.

(2) THE FOUNDATION SHALL CONTRACT WITH ONE OR MORE GOVERNMENT OR NONPROFIT ENTITIES TO OPERATE THE PROGRAM.

(E) (1) THE ADMINISTRATION AND OPERATION OF THE PROGRAM SHALL BE FUNDED THROUGH A GRANT PROVIDED BY THE DEPARTMENT.

(2) PROGRAM FUNDS MAY BE USED IN PART TO PURCHASE INTERIM SUPPLIES OF PRESCRIPTION DRUGS FOR ENROLLEES WHO HAVE APPLIED TO PARTICIPATE IN A MANUFACTURER'S PATIENT ASSISTANCE PROGRAM BUT HAVE NOT YET RECEIVED THE APPROVED PRESCRIPTION DRUG.

(F) (1) THE FOUNDATION SHALL ENSURE THAT THE PROGRAM IS AVAILABLE TO RESIDENTS IN EACH OF THE FOLLOWING GEOGRAPHIC REGIONS OF THE STATE:

(I) WESTERN MARYLAND;

(II) THE EASTERN SHORE;

(III) THE BALTIMORE METROPOLITAN AREA;

(IV) THE MARYLAND COUNTIES IN THE WASHINGTON, D.C. METROPOLITAN AREA; AND

(V) SOUTHERN MARYLAND, INCLUDING ANNE ARUNDEL COUNTY.

(2) THE FOUNDATION SHALL USE MEDBANK OF MARYLAND, INC. AND THE WESTERN MARYLAND PRESCRIPTION PROGRAM AS THE REGIONAL OFFICES FOR THE BALTIMORE METROPOLITAN AREA AND WESTERN MARYLAND, RESPECTIVELY.

(G) ELIGIBILITY FOR THE PROGRAM SHALL BE LIMITED ONLY BY THE CRITERIA ESTABLISHED BY PHARMACEUTICAL MANUFACTURERS FOR THEIR PATIENT ASSISTANCE PROGRAMS.

(H) (1) THE FOUNDATION SHALL REQUIRE DETAILED FINANCIAL REPORTS AT LEAST QUARTERLY FROM THE ENTITIES THAT OPERATE THE PROGRAM.

(2) THE FOUNDATION SHALL RELEASE FUNDS TO THE ENTITIES THAT OPERATE THE PROGRAM AS NEEDED AND JUSTIFIED BY THE QUARTERLY REPORTS FILED IN ACCORDANCE WITH PARAGRAPH (1) OF THIS SUBSECTION.

(I) ON OR BEFORE DECEMBER 1, 2001, AND ANNUALLY THEREAFTER, THE FOUNDATION SHALL REPORT TO THE GOVERNOR AND, IN ACCORDANCE WITH § 2-1246 OF THE STATE GOVERNMENT ARTICLE, TO THE GENERAL ASSEMBLY, ON THE STATUS OF THE MARYLAND MEDBANK PROGRAM ESTABLISHED UNDER THIS SECTION, INCLUDING:

(1) THE NUMBER AND DEMOGRAPHIC CHARACTERISTICS OF THE STATE RESIDENTS SERVED BY THE PROGRAM;

(2) THE TYPES AND RETAIL VALUE OF PRESCRIPTION DRUGS ACCESSED THROUGH THE PROGRAM;

(3) THE NATURE AND EXTENT OF OUTREACH PERFORMED TO INFORM STATE RESIDENTS OF THE ASSISTANCE AVAILABLE THROUGH THE PROGRAM; AND

(4) THE TOTAL VOLUME AND RETAIL VALUE OF EACH BRAND NAME DRUG, BY MANUFACTURER, ACCESSED THROUGH THE PROGRAM.

20-506.

(a) The Foundation shall:

(1) Solicit and accept any gift, grant, legacy, or endowment of money, including in-kind services, from the federal government, State government, local government, or any private source in furtherance of the Foundation;

(2) Provide grants to programs that:

(i) Promote public awareness of the need to provide more timely and cost-effective care for uninsured Marylanders;

(ii) Expand access to health care services for uninsured individuals; or

(iii) Provide or subsidize health insurance coverage for uninsured individuals;

(3) Study the feasibility and cost-effectiveness of providing health insurance coverage through the private market to uninsured children and their families as part of the program established under § 15-301 of this article;

(4) Develop programs for sponsorship by corporate and business organizations or private individuals;

(5) Develop criteria for awarding grants to health care delivery programs, insurance coverage programs, or corporate sponsorship programs;

(6) Develop criteria for prioritizing programs to be supported;

(7) Develop criteria for evaluating the effectiveness of programs receiving grants;

(8) Make, execute, and enter into any contract or other legal instrument;

(9) Receive appropriations as provided in the State budget;

(10) Lease and maintain an office at a place within the State that the Foundation designates;

(11) Adopt bylaws for the regulation of its affairs and the conduct of its business;

(12) ADMINISTER THE MARYLAND MEDBANK PROGRAM IN ACCORDANCE WITH § 15-124.2 OF THIS ARTICLE;

(13) Take any other action necessary to carry out the purposes of the Foundation; and

[(13)] (14) Report annually to the Governor and, subject to § 2-1246 of the State Government Article, to the General Assembly, on its activities during the preceding year, including an evaluation of the effectiveness of funded programs, together with any recommendations or requests deemed appropriate to further the purposes of the Foundation.

(b) The Foundation may sue and be sued, but only to enforce contractual or similar agreements with the Foundation.

SECTION 4. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article - Health - General

15-601.

(a) In this subtitle the following words have the meanings indicated.

(b) "Carrier" means:

(1) An authorized insurer;

(2) A nonprofit health service plan; OR

(3) A health maintenance organization[;

(4) A managed care organization;

(5) A dental plan organization; or

(6) Any other person that provides health benefit plans subject to regulation by the State].

(c) "Eligible individual" means an individual who:

(1) Is a resident of Maryland [and at least 65 years of age];

(2) Is A MEDICARE BENEFICIARY [eligible for Medicare Plus Choice, as defined under Title XVIII of the federal Social Security Act, as amended];

(3) [Resides in a medically underserved county or portion of a county;

(4) Pays the premium for Medicare Part "B", as required by Title XVIII of the Social Security Act, as amended;

(5)] Is not enrolled in a Medicare Plus Choice managed care program OR OTHER INSURANCE PROGRAM that provides prescription drug benefits at the time that the individual applies for enrollment in the plan; [and]

(4) HAS AN ANNUAL HOUSEHOLD INCOME AT OR BELOW 300 PERCENT OF THE FEDERAL POVERTY GUIDELINES; AND

[(6)] (5) Pays the premium[, co-payments, and deductibles] AND COPAYMENTS for the plan.

(d) "Enrollee" means an individual enrolled in the plan.

(e) "Fund" means the Short-Term Prescription Drug Subsidy Plan Fund created under § 15-604 of this subtitle.

[(f) "Medically underserved county" means any of the following counties:

(1) Allegany County;

(2) Calvert County;

(3) Caroline County;

(4) Carroll County;

(5) Cecil County;

(6) Charles County;

(7) Dorchester County;

(8) Frederick County;

(9) Garrett County;

(10) Kent County;

(11) Queen Anne's County;

(12) St. Mary's County;

(13) Somerset County;

(14) Talbot County;

(15) Washington County;

(16) Wicomico County; or

(17) Worcester County.

(g) "Portion of a county" means a geographic part of a county not listed in subsection (f) of this section that was served by a Medicare Plus Choice managed care provider prior to January 1, 2000, and is no longer served.]

[(h)] (F) "Plan" means the Short-Term Prescription Drug Subsidy Plan established under this subtitle.

15-602.

(a) A carrier that is required to provide the Short-Term Prescription Drug Subsidy Plan under § 15-606(c) of the Insurance Article shall:

(1) Sign a contract with the Secretary agreeing to provide prescription drug benefits to eligible individuals for a period of at least 2 years;

(2) Except as otherwise required under State or federal law, agree not to alter the level or types of benefits provided under the Plan throughout the 2-year period of the contract;

(3) Agree to hold enrollee premiums at the same level throughout the 2-year contract period;

[(4) Agree to continue to serve at least the same medically underserved counties or portions of counties throughout the 2-year contract period;] and

[(5)] (4) [Make all performance review and financial records available for review by] SUBMIT A DETAILED QUARTERLY FINANCIAL ACCOUNTING OF THE PLAN, INCLUDING THE IDENTIFICATION OF ALL REVENUE AND COST ITEMS, TO the Secretary and the Maryland Insurance Administration.

(b) The carrier is not required, in providing the Plan, to offer any other benefit otherwise required under Title 19, Subtitle 7 of this article or Title 15, Subtitle 8 of the Insurance Article.

(C) (1) THE CARRIER SHALL DEVELOP AND IMPLEMENT A MARKETING PLAN TARGETED AT ELIGIBLE INDIVIDUALS THROUGHOUT THE STATE.

(2) THE CARRIER'S MARKETING PLAN SHALL BE FILED WITH AND APPROVED BY THE INSURANCE COMMISSIONER.

(3) THE CARRIER SHALL COORDINATE THE MARKETING PLAN WITH THE OUTREACH PROGRAM OF THE DEPARTMENT UNDER § 15-606 OF THIS SUBTITLE.

15-603.

(a) The Plan provided under this subtitle shall:

(1) [Throughout the 2-year contract period] SUBJECT TO THE MONEYS AVAILABLE IN THE FUND, provide benefits to not more than [15,000] 30,000 enrollees at any one time [who are eligible individuals and who reside in any of the medically underserved counties or portions of counties];

(2) Set the monthly premium charged an enrollee at [$40] $10;

(3) [Set the deductible charged an enrollee at $50 per year per individual] NOT REQUIRE A DEDUCTIBLE; AND

(4) Limit the co-pay charged an enrollee to:

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

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

(iii) $35 for a prescription for a nonpreferred brand name drug[; and].

(B) [(5) Limit] THE PLAN MAY LIMIT the total annual benefit to $1,000 per individual.

[(b)] (C) The Plan may include a restricted formulary of experimental drugs not approved by the federal Food and Drug Administration for general use that will not be reimbursed.

[(c)] (D) [(1) During the first 180 days of the operation of the Plan, the carrier may enroll only eligible individuals who were:

(i) Enrolled in Medicare Plus Choice managed care programs in medically underserved counties or portions of counties on or before December 31, 1999; and

(ii) After December 31, 1999, ceased to be enrolled in those plans.

(2) On and after the 181st day of the operation of the Plan, the carrier may enroll any eligible individual.

(3) The carrier shall work with the Secretary and the Maryland Department of Aging to provide notice, through the written and electronic media and other means, to the eligible individuals eligible for enrollment in the first 180 days of the operation of the Plan, of the availability of the Plan and of the enrollment preference to be granted.] EFFECTIVE JULY 1, 2001, THE CARRIER SHALL DISREGARD ALL BENEFIT AMOUNTS REALIZED UNDER THE PLAN BY EACH ENROLLEE THROUGH JUNE 30, 2001, FOR THE PURPOSE OF CALCULATING THE ENROLLEE'S PROGRESS TOWARD THE TOTAL ANNUAL BENEFIT LIMIT FOR THE YEAR BEGINNING JULY 1, 2001.

15-604.

(a) There is a Short-Term Prescription Drug Subsidy Plan Fund.

(b) The Fund contains:

(1) the assessment against carriers made under § 15-606(c) of the Insurance Article;

(2) PREMIUMS COLLECTED UNDER § 15-603 OF THIS SUBTITLE; AND

(3) INTEREST AND INVESTMENT INCOME.

(c) The Fund is a special, continuing, nonlapsing fund that is not subject to § 7-302 of the State Finance and Procurement Article.

(d) The Treasurer shall separately hold, and the Comptroller shall account, for the Fund.

(e) (1) The Fund shall be invested and reinvested in the same manner as other State funds.

(2) Any INTEREST AND investment earnings shall be retained to the credit of the Fund.

(f) The Fund shall be subject to an audit by the Office of Legislative Audits, as provided in § 2-1220 of the State Government Article.

(g) The Secretary shall transfer the moneys in the Fund to the carrier providing the Plan as the moneys are needed to provide benefits to enrollees in the Plan AS DOCUMENTED IN THE CARRIER'S QUARTERLY REPORT SUBMITTED TO THE SECRETARY AND THE MARYLAND INSURANCE ADMINISTRATION UNDER § 15-602(A)(4) OF THIS SUBTITLE.

15-606.

(A) FOR THE PURPOSE OF MAXIMIZING PARTICIPATION IN THE PLAN, THE DEPARTMENT SHALL DEVELOP AND IMPLEMENT AN OUTREACH PROGRAM TARGETED AT ELIGIBLE INDIVIDUALS.

(B) THE DEPARTMENT SHALL PUBLICIZE THE EXISTENCE AND ELIGIBILITY REQUIREMENTS OF THE PLAN THROUGH THE FOLLOWING ENTITIES:

(1) THE DEPARTMENT OF AGING;

(2) LOCAL HEALTH DEPARTMENTS;

(3) CONTINUING CARE RETIREMENT COMMUNITIES;

(4) PLACES OF WORSHIP;

(5) CIVIC ORGANIZATIONS;

(6) COMMUNITY PHARMACIES; AND

(7) ANY OTHER ENTITY THAT THE DEPARTMENT DETERMINES APPROPRIATE.

(C) THE DEPARTMENT OF AGING, THROUGH ITS SENIOR HEALTH INSURANCE PROGRAM, SHALL:

(1) ASSIST ELIGIBLE INDIVIDUALS IN APPLYING FOR COVERAGE UNDER THE PLAN; AND

(2) PROVIDE NOTICE OF THE PLAN AND ITS ELIGIBILITY REQUIREMENTS TO POTENTIALLY ELIGIBLE INDIVIDUALS WHO SEEK HEALTH INSURANCE COUNSELING SERVICES THROUGH THE DEPARTMENT OF AGING.

(D) THE DEPARTMENT SHALL ENSURE THAT THE ENTITIES USED TO PUBLICIZE THE EXISTENCE OF THE PLAN UNDER SUBSECTION (B) OF THIS SECTION HAVE SUFFICIENT PLAN APPLICATIONS AND ENROLLMENT MATERIALS FOR DISTRIBUTION.

(E) AS PART OF ITS OUTREACH PROGRAM, THE DEPARTMENT SHALL DEVELOP A MAIL-IN APPLICATION.

(F) THE OUTREACH PROGRAM FOR THE PLAN SHALL BE FUNDED THROUGH THE FUND.

Article - Insurance

15-606.

(a) In this section, "carrier" means:

(1) an insurer;

(2) a nonprofit health service plan;

(3) a health maintenance organization; OR

(4) [a dental plan organization; or

(5)] any other person that provides health benefit plans subject to regulation by the State.

(c) (1) In addition to the requirements imposed under subsection (b) of this section, a carrier may not receive the approved purchaser differential unless the carrier contributes, as provided in paragraph (2) of this subsection, to the Short-Term Prescription Drug Subsidy Plan created under Title 15, Subtitle 6 of the Health - General Article.

(2) (i) The total contributions to be made to the Short-Term Prescription Drug Subsidy Plan by all carriers participating in the substantial, [affordable, and available] AVAILABLE, AND AFFORDABLE coverage differential program shall be [$5.4 million per year] EQUAL TO 37.5 PERCENT OF THE VALUE OF THE DIFFERENTIAL PROVIDED TO ALL CARRIERS THAT OFFER SUBSTANTIAL, AVAILABLE, AND AFFORDABLE COVERAGE IN THE NONGROUP INSURANCE MARKET.

(ii) 1. Each carrier participating in the substantial, [affordable, and available] AVAILABLE, AND AFFORDABLE coverage differential program shall contribute an amount to the Short-Term Prescription Drug Subsidy Plan that is equal to [the total derived by multiplying $5.4 million] 37.5 PERCENT OF THE VALUE OF THE DIFFERENTIAL PROVIDED TO THAT CARRIER [by the percentage of the total benefit to all carriers from the substantial, affordable, and available coverage differential that the carrier receives on January 1, 2000] DURING THE PREVIOUS YEAR.

2. On OR BEFORE July 1 of each year, the Health Services Cost Review Commission shall calculate each carrier's contribution and assess the contribution as provided in this subsection.

(iii) 1. The last carrier to provide Medicare Plus Choice coverage in medically underserved counties [or portions of counties] shall use an amount equal to the contribution derived under subparagraph (ii) of this paragraph to provide the Short-Term Prescription Drug Subsidy Plan created under Title 15, Subtitle 6 of the Health - General Article.

2. The carrier is not required, in providing the plan under this subparagraph, to offer any other benefit otherwise required under Title 19, Subtitle 7 of the Health - General Article or Subtitle 8 of this title.

(iv) The Health Services Cost Review Commission shall annually assess [any] EACH carrier [other than the carrier described under subparagraph (iii) of this paragraph] for the carrier's contribution and shall transfer the contribution to the Treasurer of the State, for payment into the Short-Term Prescription Drug Subsidy Fund created under § 15-604 of the Health - General Article.

[(v) If a carrier withdraws from the substantial, affordable, and available coverage program, the Commission shall recalculate the contributions to the prescription drug subsidy plan for the remaining carriers.]

SECTION 5. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Chapter 565 of the Acts of 2000

SECTION 2. AND BE IT FURTHER ENACTED, That the Health Services Cost Review Commission may not take steps to eliminate or adjust the differential in hospital rates provided to carriers [who] THAT provide a substantial, [affordable, and available] AVAILABLE, AND AFFORDABLE product in the nongroup market, under § 15-606 of the Insurance Article and the regulations of the Commission, as those rates were in effect on January 1, 2000 until the later of the termination of the Short-Term Prescription Drug Subsidy Plan created under [this Act] TITLE 15, SUBTITLE 6 OF THE HEALTH - GENERAL ARTICLE or the end of June 30, [2002] 2003.

[SECTION 4. AND BE IT FURTHER ENACTED, That, if the Secretary of Health and Mental Hygiene is notified by the federal Health Care Financing Administration that any provision of Short-Term Prescription Drug Subsidy Plan or of this Act will invalidate the Maryland Medicare Waiver or cause a reduction in the State's eligibility for federal funding of Medicaid, the Secretary may suspend the provision of the Short-Term Prescription Drug Subsidy Plan or the provision of this Act that is the subject of the notification.

SECTION 5. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2000. On the earlier of the end of June 30, 2002, or the availability of comparable prescription pharmacy benefits provided by Medicare under Title XVIII of the Social Security Act, as amended, with no further action required by the General Assembly, this Act shall be abrogated and of no further force and effect. If comparable prescription pharmacy benefits are provided by Medicare under Title XVIII of the Social Security Act, the Secretary of Health and Mental Hygiene shall notify the

Department of Legislative Services, 90 State Circle, Annapolis, Maryland 21401 not later than 90 days before prescription drug benefits are to be provided.]

SECTION 6. AND BE IT FURTHER ENACTED, That:

(a) on or before August 1, 2001, the Department of Health and Mental Hygiene shall submit to the federal Health Care Financing Administration an application for an amendment to the State's existing § 1115 demonstration waiver necessary to implement the Maryland Pharmacy Discount Program established under § 15-124.1 of the Health - General Article;

(b) the Department shall include in its application required under subsection (a) of this section provisions for the establishment of a pharmaceutical care management program, for individuals who will participate in the Maryland Pharmacy Discount Program, the objectives of which shall be to:

(1) improve the overall health condition of covered individuals;

(2) ensure that covered individuals are receiving necessary prescription medications, are not receiving multiple medications which are not adding to the overall improvement of the health conditions of the individuals, and are not taking multiple medications which by their interaction may cause harm; and

(3) ensure coordination between a covered individual's primary care provider, pharmacist, and other health care professionals in the delivery of pharmaceutical care;

(c) the Department shall apply for federal matching funds subject to budget neutrality requirements under § 1115 of the Social Security Act and the availability of State funds; and

(d) if the Health Care Financing Administration does not approve the portions of the waiver application that require a processing fee or the pharmaceutical care management program for participating pharmacies, the Department shall implement the Maryland Pharmacy Discount Program without the processing fee.

SECTION 7. AND BE IT FURTHER ENACTED, That:

(a) the State Comptroller of the Treasury, in consultation with the Department of Health and Mental Hygiene, shall study the feasibility of providing a tax credit for catastrophic out-of-pocket prescription drug expenses;

(b) the study shall include a consideration of:

(1) eligibility thresholds, including income and other status factors, for qualification for a tax credit;

(2) the nature and scope of out-of-pocket expenses that would be considered in calculating a tax credit;

(3) the fiscal impact, costs, and benefits of a variety of sizes of tax credits; and

(4) whether a tax credit should be refundable; and

(c) (1) the Comptroller shall report, on or before December 1, 2001, to the Governor and, in accordance with § 2-1246 of the State Government Article, to the General Assembly, on any findings and recommendations; and

(2) if a recommendation for a tax credit is made, the Comptroller shall make a recommendation in the report on the appropriate size, nature, and scope of the tax credit.

SECTION 8. AND BE IT FURTHER ENACTED, That:

(a) the Department of Health and Mental Hygiene shall study the feasibility of purchasing prescription drugs through federally qualified health centers and local health departments in Maryland to maximize the number of people who can benefit from the purchasing power of these entities; and

(b) the Department shall, on or before December 1, 2001, report to the Governor and, in accordance with § 2-1246 of the State Government Article, to the General Assembly on:

(1) the scope of each type of entity's purchasing power under federal prescription drug pricing programs;

(2) the federal restrictions or requirements placed on these types of entities as conditions for participation in federal prescription drug pricing programs;

(3) the number and demographic characteristics, including area of residence, economic status, and insurance status, of the individuals eligible to utilize available prescription drug pricing programs through these types of entities in the State;

(4) the types of prescription drugs that are or could be available through federal prescription drug pricing programs through these types of entities in the State;

(5) recommendations regarding:

(i) whether to pursue a method to access federal prescription drug pricing programs through these types of entities in the State; and

(ii) if the recommendation under item (i) of this item is affirmative:

1. the most appropriate method or methods to maximize the potential of federal prescription drug pricing programs through these types of entities in the State;

2. the best option or options for financing any method or methods recommended under item 1 of this item; and

3. the nature and extent of outreach that should be performed to best inform eligible individuals of the ability to obtain prescription drugs through the federally qualified health centers and local health departments in the State; and

(6) the costs and benefits of any recommendations under item (5)(ii) of this section.

SECTION 9. AND BE IT FURTHER ENACTED, That the Secretary of Health and Mental Hygiene shall adopt regulations not later than June 30, 2001 to implement the provisions of Section 4 of this Act.

SECTION 10. AND BE IT FURTHER ENACTED, That the Secretary of Health and Mental Hygiene and the carrier that is required to provide the Short-Term Prescription Drug Subsidy Plan under § 15-606(c) of the Insurance Article shall agree, not later than June 30, 2001, to modify the contract required under Chapter 565 of the Acts of the General Assembly of 2000 to enable the implementation, effective July 1, 2001, of the provisions of Section 4 of this Act.

SECTION 11. AND BE IT FURTHER ENACTED, That, if the Secretary of Health and Mental Hygiene is notified by the federal Health Care Financing Administration that any provision of Section 4 of this Act will invalidate the Maryland Medicare Waiver or cause a reduction in the State's eligibility for federal funding of Medicaid, the Secretary may suspend the implementation or operation of the provision of Section 4 of this Act that is the subject of the notification.

SECTION 12. AND BE IT FURTHER ENACTED, That Sections 3 and 4 of this Act shall take effect July 1, 2001. On the earlier of the end of June 30, 2003, or the availability of comparable prescription drug benefits provided by Medicare under Title XVIII of the Social Security Act, as amended, with no further action required by the General Assembly, Sections 3 and 4 of this Act shall be abrogated and of no further force and effect. If comparable prescription drug benefits are provided by Medicare under Title XVIII of the Social Security Act, the Secretary of Health and Mental Hygiene shall notify the Department of Legislative Services, 90 State Circle, Annapolis, Maryland 21401 not later than 90 days before prescription drug benefits are to be provided.

SECTION 13. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall take effect on the date that the federal Health Care Financing Administration approves a waiver amendment applied for in accordance with Section 6 of this Act. The Department of Health and Mental Hygiene shall, within 5 working days of the date of the approval of the State's waiver amendment application, notify the Department of Legislative Services in writing at 90 State Circle, Annapolis, Maryland 21401. If the waiver amendment is denied, Section 1 of this Act shall be null and void without the necessity of further action by the General Assembly.

SECTION 14. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall take effect on the date that the federal Health Care Financing Administration denies a waiver amendment applied for in accordance with Section 6 of this Act. The Department of Health and Mental Hygiene shall, within 5 working days of the date of

the denial of the State's waiver amendment application, notify the Department of Legislative Services in writing at 90 State Circle, Annapolis, Maryland 21401. If the waiver amendment is approved, Section 2 of this Act shall be null and void without the necessity of further action by the General Assembly.

SECTION 15. AND BE IT FURTHER ENACTED, That the Department of Health and Mental Hygiene may not enroll eligible individuals in the Maryland Pharmacy Discount Program established under § 15-124.1 of the Health - General Article before January 1, 2002.

SECTION 16. AND BE IT FURTHER ENACTED, That:

(a) an individual who is enrolled in the Short-Term Prescription Drug Subsidy Plan as of June 30, 2001 shall remain eligible for the Plan regardless of whether the individual satisfies the income eligibility requirements imposed under § 15-601 of the Health - General Article on July 1, 2001; and

(b) no later than June 20, 2001, the carrier that is required to provide the Short-Term Prescription Drug Subsidy Plan established under § 15-606 of the Insurance Article, as enacted by Section 4 of this Act, shall notify each individual who was enrolled in a Medicare Plus Choice plan on or before December 31, 1999 and lost coverage under that plan on or after January 1, 2000, of the existence of and eligibility criteria for the Plan.

SECTION 17. AND BE IT FURTHER ENACTED, That:

(a) one year from the implementation date of the Maryland Pharmacy Discount Program established under § 15-124.1 of the Health - General Article, the Department of Health and Mental Hygiene shall report to the House Economic Matters Committee and the Senate Finance Committee, in accordance with § 2-1246 of the State Government Article, on the impact of the Program on both independent and chain pharmacies that participate in the Program.

(b) the study shall include data and information regarding:

(1) the average price of each of the 10 most commonly purchased prescription drugs under the Program, with a comparison to the average retail price of those prescription drugs for an individual without any prescription drug benefits;

(2) the average discount per prescription provided by participating pharmacies to enrollees under the Program;

(3) the aggregate value of the discounts provided by participating pharmacies to enrollees under the Program;

(4) the aggregate value of pharmaceutical manufacturers' rebates provided under the Program; and

(5) the impact of the discounts provided under the Program by participating pharmacies, on the gross annual revenues and net profits, derived from the sale of prescription drugs, of participating pharmacies.

SECTION 18. AND BE IT FURTHER ENACTED, That it is the intent of the General Assembly that the Department of Health and Mental Hygiene shall transfer $2.5 million of the fiscal year 2002 Medical Care Programs Provider Reimbursement Budget, and $3 million of the fiscal year 2003 Medical Care Programs Provider Reimbursement Budget, to the Maryland Health Care Foundation for the sole purpose of making one or more grants to entities to operate the Maryland Medbank Program established under § 15-124.2 of the Health - General Article.

SECTION 19. AND BE IT FURTHER ENACTED, That is it the intent of the General Assembly that the Department of Health and Mental Hygiene shall authorize a $1 processing fee for participating pharmacies in the Maryland Pharmacy Discount Program established under § 15-124.1 of the Health - General Article for one year after the implementation date of the Program.

SECTION 20. AND BE IT FURTHER ENACTED, That it is the intent of the General Assembly that, beginning in fiscal year 2003, each carrier participating in the substantial, available, and affordable coverage differential program shall contribute to the Short-Term Prescription Drug Subsidy Plan Fund under § 15-606(c) of the Insurance Article an amount equal to 50 percent of the value of that carrier's differential under the program, if:

(a) the General Assembly acts affirmatively to increase the contribution to 50 percent; and

(b) the Short-Term Prescription Drug Subsidy Plan demonstrates a financial need for the increased contribution.

SECTION 21. AND BE IT FURTHER ENACTED, That Sections 9, 10, and 16 of this Act shall take effect June 1, 2001.

SECTION 22. AND BE IT FURTHER ENACTED, That, except as provided in Sections 13, 14, and 21 of this Act, this Act shall take effect July 1, 2001.