

Department of Legislative Services  
 Maryland General Assembly  
 2000 Session

FISCAL NOTE

House Bill 1144 (Delegate Redmer. *et al.*)

Environmental Matters

---

Maryland Pharmacy Assistance Program - Eligibility Requirements

---

This bill is interpreted to require the Maryland Pharmacy Assistance Program to include individuals who are eligible for Medicare and whose family income is at or below 200% of the federal poverty level (FPL).

---

Fiscal Summary

**State Effect:** \$150.1 million general fund expenditure increase for the Maryland Pharmacy Assistance Program in FY 2001 and a \$10.02 million general fund revenue increase. Future year expenditures and revenues reflect annualization and 6% health care inflation.

(in millions)	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
GF Revenues	\$10.02	\$14.17	\$15.02	\$15.92	\$16.80
GF Expenditures	\$150.10	\$212.14	\$224.87	\$238.36	\$252.66
Net Effect	(\$140.08)	(\$197.97)	(\$209.85)	(\$222.44)	(\$235.86)

Note: ( ) = decrease; GF = general funds; FF = federal funds; SF = special funds; - =indeterminate effect

**Local Effect:** None.

**Small Business Effect:** None.

---

Analysis

**Current Law:** The Department of Health and Mental Hygiene (DHMH) administers the Maryland Pharmacy Assistance Program (MPAP), which provides prescription benefits for low-income individuals who make less than \$9,400 per year and have assets that are not more than 1.5 times the amount of assets allowed by Medicaid. MPAP provides coverage for

maintenance drugs, anti-infectives, and AZT. Enrollees must pay a \$5 copayment for each prescription. The current MPAP income limit is approximately 117% of the FPL. MPAP adjusts the income cap annually to reflect inflation.

**Background:** The AARP Public Policy Institute issued a report on state pharmacy assistance programs in April 1999. The report identified pharmacy assistance programs in 14 states. Most of the programs were targeted toward persons age 65 and over, with some states extending eligibility to disabled persons. Maryland and Wyoming were the only states without an age or disability eligibility requirement. Coverage varied from state to state, and all states required some cost-sharing. Maryland's financial eligibility criteria were among the most stringent of the 14 states. Maryland's 1997 income and asset limits reported in the study were \$9,250 in income and \$3,750 in assets for a single individual and \$10,050 in income and \$4,500 in assets for a household of two or more persons. Most states fund their programs through general revenues, though a small number of states use other funding sources, such as casino revenues in New Jersey.

An individual is eligible for Medicare if the individual has worked at least ten years in Medicare-covered employment and is 65 years old. An individual under 65 may also qualify for coverage if the individual has received Social Security or Railroad Retirement Board disability benefits for at least 24 months or the individual is a kidney dialysis or kidney transplant patient.

There are currently 35,000 enrollees in Maryland's pharmacy assistance program.

**State Expenditures:** General fund expenditures increase by \$150,102,800 for the MPAP in fiscal 2001, which reflects the bill's October 1, 2000, effective date. Future year expenditures reflect annualization and inflation. This estimate is based on the following facts and assumptions:

- Approximately 124,000 Marylanders over 65 would be eligible to participate in MPAP.
- Approximately 18,600 individuals under 65 would be eligible to participate in MPAP. The number of individuals under 65 eligible for Medicare is approximately  $(124,000 \times .15 = 18,600)$  15% of the number of Medicare-eligible individuals over 65.
- The average annual MPAP program cost for an individual over 65 is \$1,900. The average annual MPAP program cost for an individual under 65 is \$1,680.
- It is assumed that 106,950 or 75% of those eligible would enroll.

**State Revenues:** General fund revenues would increase by \$10,026,562 for the MPAP

program in fiscal 2001, which reflects the bill's October 1, 2000, effective date. Future year revenues reflect annualization and inflation. This estimate is based on the following facts and assumptions.

- Approximately 142,600 individuals would be newly eligible to participate in MPAP.
- An enrollee pays a \$5 copayment for each prescription.
- It is assumed that each enrollee will fill 25 prescriptions each year.
- Approximately 106,950 or 75% of the eligible individuals would enroll in MPAP (142,600 x .75 = 106,950).

**Additional Comments:**

<b>2000 Federal Poverty Level Income Guidelines*</b>			
<b>Size of Family</b>	<b>100% FPL</b>	<b>200% FPL</b>	<b>300% FPL</b>
1	\$8,350	\$16,700	\$25,050
2	\$11,250	\$22,500	\$33,750
3	\$14,150	\$28,300	\$42,450
4	\$17,050	\$34,100	\$51,150

\*Federal Register, Vol. 65, No. 31, February 15, 2000, pp. 7555-7557.

---

**Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Health and Mental Hygiene (Medicaid), U.S. Health Care Financing Administration, Department of Legislative Services

**Fiscal Note History:** First Reader - February 29, 2000  
drg/jr

---

Analysis by: Susan D. John

Direct Inquiries to:  
John Rixey, Coordinating Analyst  
(410) 946-5510

(301) 970-5510