

Department of Legislative Services
 Maryland General Assembly
 2000 Session

FISCAL NOTE

House Bill 996 (Delegate Rosenberg)

Environmental Matters

Maryland Pharmacy Assistance Program - Adjustment of Asset and Income Levels and Copays

This bill changes the income and asset eligibility limits for the Maryland Pharmacy Assistance Program (MPAP). The income eligibility cap set in 1985 is increased from \$4,600 to \$12,200 annually. This income cap is adjusted upward for inflation each year using 1985 as the base year, and it is currently \$9,400 annually. The bill also changes the date on which the MPAP begins to increase these eligibility income levels from July 1, 1985, to July 1, 2001. The asset cap changes from 1.5 to 4.0 times the amount of assets allowed under the Medicaid asset schedule. In addition, copayment amounts are changed from \$5 to \$6 per prescription.

In addition, the bill requires the Department of Health and Mental Hygiene (DHMH), in consultation with other agencies, to develop a program that will encourage applicants to seek prescription coverage through free programs offered by drug manufacturers.

Fiscal Summary

State Effect: \$86.2 million general fund expenditure increase for the MPAP in FY 2001. \$7.6 million general fund expenditure increase for the Primary Care Program. \$1.7 million federal fund expenditure reduction for the AIDS Administration. \$7.9 million general fund revenue increase for the MPAP as a result of the increased copayment requirement. Future year estimates reflect annualization and 6% health care inflation.

(in millions)	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
GF Rev. (MPAP)	\$7.9	\$11.1	\$11.8	\$12.5	\$13.3
GF Exp. (MPAP)	86.2	121.8	129.1	136.8	145.1

GF Exp. (Primary Care Pgm.)	7.6	10.8	11.4	12.1	12.8
FF Exp.* (AIDS Admin.)	(1.7)	(2.5)	(2.6)	(2.8)	(3.0)
Net Effect	(\$84.2)	(\$119.0)	(\$126.1)	(\$133.6)	(\$141.6)

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

*Federal fund expenditures are reimbursable by the federal government.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: DHMH administers the 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 and is adjusted 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 mechanisms, such as casino revenue in New Jersey.

There are currently 35,000 enrollees in the MPAP.

State Expenditures:

Maryland Pharmacy Assistance Program

General fund expenditures for MPAP could increase by \$86.2 million in fiscal 2001 as a result of the increased income limits, and reflects the bill's October 1, 2000, effective date. This estimate is based on the following facts and assumptions:

- Approximately 46,000 individuals between the ages of 19 and 64 would be eligible to participate.
- Approximately 40,000 individuals age 65 and over would be eligible to participate.
- MPAP's annual cost per enrollee under age 65 is \$1,680. MPAP's annual cost per enrollee 65 and over is \$1,900.
- 64,500, or 75% of all eligible individuals, will enroll in MPAP.

It is assumed that increasing an individual's allowable assets from 1.5 times to 4.0 times the Medicaid Asset Schedule will not have a significant impact on the number of eligible individuals.

AIDS Administration

Federal fund (Ryan White CARE Act) expenditures for the Maryland AIDS Drug Assistance Program (MADAP) could decrease by an estimated \$1,786,950 in fiscal 2001, which reflects the bill's October 1, 2000, effective date. MADAP provides prescription drug coverage to HIV-positive individuals whose annual incomes are between \$9,400 and \$32,200. The bill's MPAP income cap increase to \$12,200 would allow approximately 209 individuals (15% of MADAP's enrollment) to transfer over to the MPAP. MADAP drug expenditures are currently \$950 per client per month. Future year estimates reflect 6% health care inflation.

Maryland Primary Care Program

Individuals who are enrolled in MPAP are eligible for participation in the Maryland Primary Care Program, which provides acute, chronic, and preventive health care at a centralized location for low-income individuals. The Primary Care Program only enrolls individuals between the ages of 19 and 64. General fund expenditures for the Maryland Primary Care Program could increase by an estimated \$7,659,000 in fiscal 2001, which reflects the bill's October 1, 2000, effective date. This estimate is based on the following facts and assumptions:

- It is assumed that 23,000, or 50% of the 46,000 eligible individuals under MPAP, would be eligible for the Primary Care Program.
- It is assumed that 11,500, or 50% of the individuals eligible for primary care, would enroll.
- Primary Care Program costs are \$74 per member per month, or \$888 annually.

State Revenues: MPAP general fund revenues could increase by an estimated \$7,912,500 in fiscal 2001 as a result of the \$6 copayment requirement, which reflects the bill's October 1, 2000, effective date. This estimate is based on the following facts and assumptions:

- It is assumed that 64,500, or 75% of the 86,000 eligible individuals, would enroll in MPAP.
- The copayment is increased from \$5 to \$6 per prescription.
- It is assumed that each enrollee will fill 25 prescriptions annually.
- New enrollees would pay \$7,256,250 in copayments during fiscal 2001.
- The 35,000 current enrollees would pay an additional \$656,250 in copayments during fiscal 2001 (35,000 x \$1 x 25 prescriptions).

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Health and Mental Hygiene (Medicaid, AIDS Administration, Community Public Health Administration), Department of Legislative Services

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