

Department of Legislative Services
 Maryland General Assembly
 2003 Session

FISCAL AND POLICY NOTE

Senate Bill 450
 Finance

(Senator Middleton, *et al.*)

Health and Government Operations

Short-Term Prescription Drug Subsidy Plan - Enrollment

This emergency bill repeals the enrollment cap of 30,000 enrollees in the Short-Term Prescription Drug Subsidy Plan (the plan) and permits the plan to enroll the maximum number of individuals eligible for enrollment, subject to available funds.

Fiscal Summary

State Effect: Short-Term Prescription Drug Subsidy Plan special fund expenditures could increase by \$2.46 million in FY 2003. Maryland Health Insurance Plan special fund revenues and expenditures could each increase by \$7.34 million in FY 2004 only.

(\$ in millions)	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
SF Revenue	\$0	\$7.34	\$0	\$0	\$0
SF Expenditure	2.46	7.34	0	0	0
Net Effect	(\$2.46)	\$0	\$0	\$0	\$0

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

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: The Short-Term Prescription Drug Subsidy Plan provides drug coverage to all Medicare-eligible residents over 65 and individuals who have annual household incomes at or below 300% of federal poverty guidelines (FPG). Enrollment is limited to 30,000 enrollees. Enrollees pay a \$10 monthly premium and have copayments ranging

from \$10 to \$35, based on the type of drug prescribed. There is a \$1,000 annual benefit limit for each enrollee. The plan terminates June 30, 2003. As of that date, plan enrollees will be transferred to the new Senior Prescription Drug Program. Created by Chapter 153 of 2002, the Senior Prescription Drug Program offers the same benefits as the plan, but is funded by CareFirst BlueCross BlueShield, which must deposit in the program's account an amount sufficient to fund the program. CareFirst does not have to contribute more than the value of its premium tax exemption during the year of program administration.

Background: According to CareFirst, there were 29,623 enrollees as of January 26, 2003. As of April 1, 2003, \$9.8 million will remain in the plan fund's account that is not earmarked to be spent on current enrollees. With enrollment nearing the 30,000 cap, the bill permits CareFirst to immediately enroll more individuals and spend down the fund balance. The plan fund is a State special fund account into which Substantial, Available, and Affordable Coverage (SAAC) carriers deposit monies and from which the State reimburses CareFirst for administrative expenses and drug costs associated with the plan.

State Fiscal Effect: Assuming an April 1, 2003 effective date, plan special fund expenditures could increase by \$2,457,000 during fiscal 2003. Maryland Health Insurance Plan (MHIP) special fund revenues and expenditures could each increase by \$7,343,000 in fiscal 2004 only. These estimates reflect the following facts and assumptions:

- CareFirst pays approximately \$70 per member per month for prescription drug coverage in the plan; and
- CareFirst enrolls 11,700 additional individuals in the plan in April.

It is assumed that the \$7,343,000 remaining at the end of the fiscal year will roll over into the new Senior Prescription Drug Program on July 1, 2003 to be used to continue paying for prescription drug coverage for enrollees. The Senior Prescription Drug Program fund is a dedicated account in the new Maryland Health Insurance Plan (MHIP) fund. MHIP is an independent unit of the Maryland Insurance Administration, whose purpose is to decrease uncompensated care costs by providing access to affordable, comprehensive health benefits for medically-uninsurable residents by July 1, 2003.

Additional Information

Prior Introductions: None.

Cross File: HB 211 (Delegate Bromwell, *et al.*) – Health and Government Operations.

Information Source(s): Department of Health and Mental Hygiene (Medicaid), CareFirst BlueCross BlueShield of Maryland, Department of Legislative Services

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