HB 17

Department of Legislative Services

Maryland General Assembly
2003 Session

FISCAL AND POLICY NOTE

House Bill 17 (Delegate Donoghue)
Health and Government Operations Finance

Maryland Pharmacy Assistance Program - Eligibility

This bill changes the income and asset requirements for eligibility in the Maryland Pharmacy Assistance Program (MPAP) so that Qualified Medicare Beneficiaries may enroll in MPAP.

The bill takes effect July 1, 2003.

Fiscal Summary

State Effect: Potential $364,000 MPAP expenditure increase (50% federal funds, 50% general funds) in FY 2004. Future year estimates reflect enrollment and prescription drug cost inflation. No effect on revenues.

(in dollars)	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Revenues	$0	$0	$0	$0	$0
GF Expenditure	182,000	205,900	232,900	263,400	298,000
FF Expenditure	182,000	205,900	232,900	263,400	298,000
Net Effect	($364,000)	($411,800)	($465,800)	($526,800)	($596,000)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The bill changes the MPAP asset requirement from not more than 1.5 times the amount of accountable resources according to the Maryland Medicaid asset schedule, to the level established by the federal Centers for Medicare and Medicaid Services (CMS) under the Qualified Medicare Beneficiary (QMB) Program. The bill also changes the MPAP income requirement by repealing a formula that approximates 116% of the federal poverty level guidelines (FPG) for an individual and 92% FPG for a family of two, and specifying that annual income cannot exceed 116% FPG for an individual or 100% FPG for a family of two or more.

In addition, the bill changes a reference to the short-term prescription drug subsidy plan to the Senior Prescription Drug Program.

Current Law: MPAP provides prescription benefits for low-income individuals who make less than $10,300 per year and have assets that are not more than 1.5 times the amount of assets allowed by Medicaid. MPAP provides coverage for all prescription drugs covered in the Medicaid program. Enrollees must pay a $5 copayment for each prescription. The current MPAP income limit is approximately 116% of the FPG and is adjusted annually for inflation.

Background: Chapter 135 of 2001 created a Maryland Pharmacy Discount Program for Medicare beneficiaries and directed the State to apply to the federal government for a Medicaid waiver to implement the program under the State's existing Medicaid program. As part of the waiver, the Department of Health and Mental Hygiene (DHMH) requested the inclusion of MPAP under the Medicaid program in order to receive matching federal funds and offer the full Medicaid drug formulary to MPAP enrollees. Prior to waiver approval, MPAP had been 100% general funded and the benefit packages were limited to anti-infectives and maintenance drugs.

The waiver, approved by CMS in 2002, also permits Qualified Medicare Beneficiaries (QMBs) to enroll in MPAP. QMBs are individuals with incomes below 100% of FPG, and Medicaid pays their Medicare Part B premium and all other cost-sharing required by Medicare. This bill changes asset and income requirements for MPAP to permit married QMBs up to 100% FPG to enroll in MPAP and provide them with prescription drug coverage. Currently, married QMBs earning more than 92% FPG may not enroll in MPAP.

State Fiscal Effect: MPAP expenditures are expected to increase by $364,000 (50% federal funds, 50% general funds) in fiscal 2004, which reflects a July 1, 2003 effective date. The information and assumptions used in calculating the estimate are stated below:

- increasing the income standard from 92% to 100% of FPG for couples permits 200 additional QMB individuals to enroll in MPAP;

- MPAP expenditures are $1,820 per person in fiscal 2004; and

- out-year estimates reflect 1% annual increases in enrollment and 12% annual prescription drug cost inflation.

Any additional administrative expenditures associated with increased enrollment could be handled with existing DHMH budgeted resources. Revenues would not be affected.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - January 28, 2003
lc/jr

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