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By: **Senators Pinsky, Britt, Brochin, Conway, Currie, Della, Exum,  
Forehand, Frosh, Garagiola, Giannetti, Gladden, Green, Grosfeld,  
Hogan, Hollinger, Hughes, Jones, Kelley, Klausmeier, Lawlah,  
McFadden, Ruben, Stone, and Teitelbaum**

Introduced and read first time: February 4, 2005

Assigned to: Finance

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A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Pharmacy Discount Program - Expansion - State Discount**

3 FOR the purpose of expanding the Maryland Pharmacy Discount Program to include  
4 additional Medicare beneficiaries and individuals who are not Medicare  
5 beneficiaries and lack other public or private prescription drug coverage and  
6 have a certain annual household income; authorizing enrollees in the Program  
7 to receive a certain discount subsidized by the Department of Health and  
8 Mental Hygiene for certain prescription drugs; altering the discount provided to  
9 certain Medicare beneficiaries enrolled in the Program; requiring the  
10 Department, on or before a certain date, to submit to the Centers for Medicare  
11 and Medicaid Services an application for an amendment to a certain  
12 demonstration waiver; requiring the Department to apply for certain federal  
13 matching funds; requiring the Department to forward a copy of a certain notice  
14 to the Department of Legislative Services within a certain number of days after  
15 receiving notice of the approval or denial of a certain waiver amendment  
16 application; providing for the effective dates of this Act; providing for the  
17 termination of this Act under certain circumstances; and generally relating to  
18 the Maryland Pharmacy Discount Program.

19 BY repealing and reenacting, with amendments,  
20 Article - Health - General  
21 Section 15-124.1  
22 Annotated Code of Maryland  
23 (2000 Replacement Volume and 2004 Supplement)

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

1 **Article - Health - General**

2 15-124.1.

3 (a) (1) In this section the following words have the meanings indicated:

4 (2) "Enrollee" means an individual who is enrolled in the Maryland  
5 Pharmacy Discount Program.6 (3) "Program" means the Maryland Pharmacy Discount Program  
7 established under this section.8 (b) There is a Maryland Pharmacy Discount Program within the Maryland  
9 Medical Assistance Program.10 (c) The purpose of the Program is to improve the health status of Medicare  
11 beneficiaries, AND LOWER-INCOME INDIVIDUALS WHO ARE NOT MEDICARE  
12 BENEFICIARIES, who lack prescription drug coverage by providing access to lower  
13 cost, medically necessary, prescription drugs.14 (d) The Program shall be administered and operated by the Department as  
15 permitted by federal law or waiver.

16 (e) (1) The Program shall be open to:

17 (I) Medicare beneficiaries who lack other public or private  
18 prescription drug coverage AND WHO HAVE AN ANNUAL HOUSEHOLD INCOME AT OR  
19 BELOW 300 PERCENT OF THE FEDERAL POVERTY GUIDELINES; AND20 (II) INDIVIDUALS WHO ARE NOT MEDICARE BENEFICIARIES, WHO  
21 LACK OTHER PUBLIC OR PRIVATE PRESCRIPTION DRUG COVERAGE, AND WHO HAVE  
22 AN ANNUAL HOUSEHOLD INCOME BELOW 300 PERCENT OF THE FEDERAL POVERTY  
23 LEVEL GUIDELINES.24 (2) Notwithstanding paragraph (1) of this subsection, enrollment in the  
25 Maryland Medbank Program established under § 15-124.2 of this subtitle or the  
26 Maryland Pharmacy Assistance Program established under § 15-124 of this subtitle  
27 does not disqualify an individual from being eligible for the Program.28 (f) (1) Subject to subsection (g) of this section, an enrollee may purchase  
29 medically necessary prescription drugs that are covered under the Maryland Medical  
30 Assistance Program from any pharmacy that participates in the Maryland Medical  
31 Assistance Program at a price that is based on the price paid by the Maryland  
32 Medical Assistance Program, minus the aggregate value of any federally mandated  
33 manufacturers' rebates.34 (2) Subject to subsection (g) of this section, and to the extent authorized  
35 under federal waiver, an enrollee whose annual household income is at or below  
36 [175] 300 percent of the federal poverty guidelines may receive a discount subsidized  
37 by the Department that is equal to [35] 22 percent of the price paid by the Maryland

1 Medical Assistance Program for each medically necessary prescription drug  
2 purchased under the Program.

3 (g) The Department may establish mechanisms to:

4 (1) Recover the administrative costs of the Program;

5 (2) Reimburse participating pharmacies in an amount equal to the  
6 Maryland Medical Assistance price, minus the copayment paid by the enrollee for  
7 each prescription filled under the Program; and

8 (3) Allow participating pharmacies to collect a \$1 processing fee, in  
9 addition to any authorized dispensing fee, for each prescription filled for an enrollee  
10 under the Program.

11 (h) The Secretary shall adopt regulations to implement the Program.

12 SECTION 2. AND BE IT FURTHER ENACTED, That:

13 (a) On or before September 1, 2005, the Department of Health and Mental  
14 Hygiene shall submit to the Centers for Medicare and Medicaid Services an  
15 application for an amendment to the State's existing § 1115 demonstration waiver  
16 necessary to implement the expansion of the Maryland Pharmacy Discount Program,  
17 as provided under Section 1 of this Act.

18 (b) The Department shall apply for federal matching funds subject to budget  
19 neutrality requirements under § 1115 of the Social Security Act and the availability of  
20 State funds.

21 SECTION 3. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall  
22 take effect on the date that the Centers for Medicare and Medicaid Services approves  
23 a waiver amendment applied for in accordance with Section 2 of this Act. The  
24 Department of Health and Mental Hygiene, within 5 days after receiving notice of the  
25 approval or denial of the waiver amendment application, shall forward a copy of the  
26 notice to the Department of Legislative Services, 90 State Circle, Annapolis,  
27 Maryland 21401. If the waiver amendment applied for in accordance with Section 2 of  
28 this Act is denied, this Act shall be null and void without the necessity of any further  
29 action by the General Assembly.

30 SECTION 4. AND BE IT FURTHER ENACTED, That, except as provided in  
31 Section 3 of this Act, this Act shall take effect June 1, 2005.