

Department of Legislative Services
Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE

House Bill 176 (Delegate Hixson)
Health and Government Operations

Prescription Drugs - Senior Citizens - Purchasing Outside the State

This bill requires the Department of Health and Mental Hygiene (DHMH) to evaluate a process for assisting senior citizens in purchasing reduced-cost prescription drugs from sources outside the State. It may implement a process if it is: (1) feasible; (2) cost-effective; and (3) consistent with federal law and regulation. DHMH must report to the Governor and the General Assembly by October 1, 2006 on its evaluation and implementation.

Fiscal Summary

State Effect: DHMH general fund expenditures could increase beginning in FY 2007, depending on the nature and scope of any drug purchasing process implemented.

Local Effect: None.

Small Business Effect: Potential significant. To the extent senior citizens purchase prescription drugs from out-of-state, small business pharmacy revenues could decrease.

Analysis

Current Law: There is no State-run process available to assist senior citizens with lower-cost, out-of-state prescription drug purchases.

Background: There are a variety of prescription drug assistance programs available in the State, mainly targeted toward Medicare beneficiaries and low-income individuals without prescription drug coverage. None of these programs provides assistance purchasing drugs from out-of-state.

The Maryland Pharmacy Discount Program, administered by DHMH, allows Medicare beneficiaries with incomes up to 175% of the federal poverty level guidelines (FPG) to purchase prescription drugs at 65% of the Medicaid rate.

The Maryland Pharmacy Assistance Program, administered by DHMH, allows individuals with incomes up to 116% FPG to purchase prescription drugs for nominal copayments.

The Senior Prescription Drug Program, part of the Maryland Health Insurance Plan, permits Medicare beneficiaries with incomes up to 300% FPG to enroll in prescription drug coverage for a minimal monthly premium and copayments.

The federal *Medicare Prescription Drug, Improvement, and Modernization Act* (Medicare Modernization Act or MMA), provides a prescription drug discount card to Medicare beneficiaries. Beginning in 2006, MMA will provide prescription drug coverage to Medicare beneficiaries who enroll in the new Medicare Part D.

State Fiscal Effect: DHMH could conduct the required evaluation with existing budgeted resources. If DHMH implements an out-of-state prescription drug purchasing process for senior citizens, general fund expenditures could increase beginning in fiscal 2007. The extent of any increase depends on the nature and scope of the process implemented by DHMH. Neither Medicaid revenues nor expenditures would be affected.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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