
By: **Chair, Health and Government Operations Committee (By Request -
Departmental - Insurance Administration, Maryland) and Delegates
Barve, Benson, Boteler, Bromwell, Costa, Donoghue, Elliott, Frank,
Goldwater, Kach, Kohl, Kullen, Mandel, McDonough, Morhaim, Murray,
Nathan-Pulliam, Oaks, Pendergrass, Rudolph, V. Turner, and Weldon**

Introduced and read first time: February 6, 2006

Assigned to: Health and Government Operations

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 1, 2006

CHAPTER _____

1 AN ACT concerning

2 **Maryland Health Insurance Plan - Senior Prescription Drug Assistance**
3 **Program**

4 FOR the purpose of prohibiting the subsidy required under the Senior Prescription
5 Drug Assistance Program from exceeding a certain amount in a certain fiscal
6 year; clarifying the purpose of the Senior Prescription Drug Assistance Program;
7 altering the payments to be made for certain enrollees by the Program;
8 providing that certain additional costs may be paid for certain enrollees in the
9 Program; repealing a certain requirement that certain enrollees make certain
10 payments under certain circumstances; requiring the Program to maintain a
11 certain waiting list; requiring the Board of Directors of the Maryland Health
12 Insurance Plan to make certain determinations about the Program annually;
13 requiring the Board to report to the General Assembly on certain information
14 each year on or before a certain date; extending the termination date of the
15 Senior Prescription Drug Program until a certain date; authorizing the Board to
16 structure the benefit subsidy under the Senior Prescription Drug Assistance
17 Program to cover certain out-of-pocket costs during a certain year; providing
18 that the Maryland Health Insurance Plan may not spend certain funds without
19 the approval of the General Assembly; making this Act an emergency measure;
20 providing for the application of this Act; and generally relating to the Senior
21 Prescription Drug Assistance Program.

22 BY repealing and reenacting, with amendments,
23 Article - Insurance

1 Section 14-106(e), 14-511, and 14-512
2 Annotated Code of Maryland
3 (2002 Replacement Volume and 2005 Supplement)

4 BY repealing and reenacting, with amendments,
5 Chapter 153 of the Acts of the General Assembly of 2002, as amended by
6 Chapter 282 of the Acts of the General Assembly of 2005
7 Section 13

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

10 **Article - Insurance**

11 14-106.

12 (e) The subsidy required under the Senior Prescription Drug Assistance
13 Program may not exceed:

14 (1) for the period of January 1, 2006 through June 30, 2006, \$8,000,000;

15 (2) for fiscal year 2007, \$14,000,000; [and]

16 (3) FOR FISCAL YEAR 2008, \$14,000,000; AND

17 (4) for any year, the value of the nonprofit health service plan's premium
18 tax exemption under § 6-101(b) of this article.

19 14-511.

20 (a) There is a Senior Prescription Drug Assistance Program.

21 (b) The purpose of the Program is to provide Medicare Part D beneficiaries,
22 who meet Program eligibility requirements, with a State [subsidy for a portion of
23 their:

24 (1) Medicare Part D prescription drug plan premium and deductible; or

25 (2) Medicare Advantage Plan premium and deductible related to a
26 prescription drug benefit] SUBSIDY.

27 (c) The Board shall contract with a third party to administer the Program.

28 (d) The Administrator of the Program shall:

29 (1) submit a detailed financial accounting of the Program to the Board as
30 often as the Board requires;

31 (2) collect and submit to the Board data regarding the utilization
32 patterns and costs for Program enrollees; and

1 (3) develop and implement a marketing plan targeted at eligible
2 individuals throughout the State.

3 14-512.

4 (a) The Program shall:

5 (1) [subject to the moneys available in the segregated account under §
6 14-504 of this subtitle, provide benefits to the maximum number of individuals
7 eligible for enrollment in the Program; and] PROVIDE A PRESCRIPTION DRUG
8 BENEFIT SUBSIDY, AS DETERMINED BY THE BOARD, THAT MAY PAY ALL OR SOME OF
9 THE DEDUCTIBLES, COINSURANCE PAYMENTS, PREMIUMS, AND COPAYMENTS
10 UNDER THE FEDERAL MEDICARE PART D PHARMACEUTICAL ASSISTANCE PROGRAM
11 FOR ENROLLEES OF THE PROGRAM; AND

12 (2) [provide a State subsidy for a portion of the cost of Medicare Part D
13 and Medicare Advantage Plan drug-related premiums and deductibles] PROVIDE
14 THE SUBSIDY TO THE MAXIMUM NUMBER OF INDIVIDUALS ELIGIBLE FOR
15 ENROLLMENT IN THE PROGRAM, SUBJECT TO THE MONEYS AVAILABLE IN THE
16 SEGREGATED ACCOUNT UNDER § 14-504 OF THIS SUBTITLE.

17 [(b) The subsidy required under subsection (a) of this section shall be equal to:

18 (1) for the Medicare Part D prescription drug plan or Medicare
19 Advantage Plan drug-related premium:

20 (i) for individuals who do not qualify for a federal low-income
21 subsidy, at least \$25 per enrollee per month; and

22 (ii) for individuals who qualify for a partial federal low-income
23 subsidy, the lesser of:

24 1. the amount provided under item (i) of this item; or

25 2. the full amount of the enrollee share of the premium; and

26 (2) for the Medicare Part D prescription drug plan or Medicare
27 Advantage Plan drug-related deductible, the total amount of the deductible, less the
28 copayment or coinsurance amount specified in subsection (c) of this section.

29 (c) An enrollee shall pay a copayment or coinsurance amount, instead of a
30 deductible, equal to the initial copayment or coinsurance amount for which the
31 enrollee is responsible under the enrollee's Medicare Part D prescription drug plan or
32 Medicare Advantage Plan after the deductible is satisfied.

33 (d) The Program shall establish an annual subsidy limit for an enrollee.]

34 (B) THE PROGRAM MAY ANNUALLY PROVIDE AN ADDITIONAL SUBSIDY, UP TO
35 THE FULL AMOUNT OF THE MEDICARE PART D PRESCRIPTION DRUG PLAN PREMIUM,
36 FOR INDIVIDUALS WHO QUALIFY FOR A PARTIAL FEDERAL LOW-INCOME SUBSIDY.

1 (C) THE PROGRAM SHALL MAINTAIN A WAITING LIST OF INDIVIDUALS WHO
2 MEET THE ELIGIBILITY REQUIREMENTS FOR THE PROGRAM BUT WHO ARE NOT
3 SERVED BY THE PROGRAM DUE TO FUNDING LIMITATIONS.

4 ~~(C)~~ (D) THE BOARD SHALL DETERMINE ANNUALLY:

5 (1) THE NUMBER OF INDIVIDUALS TO BE ENROLLED IN THE PROGRAM;

6 (2) THE AMOUNT OF SUBSIDY TO BE PROVIDED UNDER SUBSECTION (A)
7 OF THIS SECTION; AND

8 (3) THE AMOUNT OF ANY ADDITIONAL SUBSIDY PROVIDED UNDER
9 SUBSECTION (B) OF THIS SECTION.

10 (E) ON OR BEFORE JANUARY 1 OF EACH YEAR, THE BOARD, IN ACCORDANCE
11 WITH § 2-1246 OF THE STATE GOVERNMENT ARTICLE, SHALL REPORT TO THE
12 GENERAL ASSEMBLY ON:

13 (1) THE NUMBER OF INDIVIDUALS ON THE WAITING LIST FOR THE
14 PROGRAM; AND

15 (2) TO THE EXTENT THAT THE BOARD IS ABLE TO COLLECT THE
16 INFORMATION:

17 (I) THE NUMBER OF ENROLLEES WITH OUT-OF-POCKET
18 PRESCRIPTION DRUG COSTS THAT EXCEED \$2,250, BROKEN DOWN FOR EACH FISCAL
19 QUARTER; AND

20 (II) THE TOTAL ANNUAL OUT-OF-POCKET PRESCRIPTION DRUG
21 COSTS FOR ENROLLEES.

22 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
23 read as follows:

24 Chapter 153 of the Acts of 2002, as amended by Chapter 282 of the Acts of
25 2005

26 SECTION 13. AND BE IT FURTHER ENACTED, That:

27 (1) No later than June 1, 2003, the Secretary of Health and Mental
28 Hygiene and the carrier that is required to offer the Short-Term Prescription Drug
29 Subsidy Plan under Title 15, Subtitle 6 of the Health - General Article shall transfer
30 all Plan records, data, and other information necessary to operate and administer the
31 Senior Prescription Drug Program established under this Act to the Board of the
32 Maryland Health Insurance Plan.

33 (2) Each individual enrolled in the Short-Term Prescription Drug
34 Subsidy Plan, established under Title 15, Subtitle 6 of the Health - General Article,
35 on June 30, 2003 shall, at the option of the enrollee and subject to the payment of all

1 necessary premiums and copayments, be automatically enrolled in the Senior
2 Prescription Drug Program established under this Act.

3 (3) It is the intent of the General Assembly that the transition of
4 enrollees from the Short-Term Prescription Drug Subsidy Plan to the Senior
5 Prescription Drug Program be accomplished without interruption of benefits for
6 enrollees.

7 (4) Benefits shall be offered to enrollees through the Senior Prescription
8 Drug Program established under Title 14, Subtitle 5, Part II of the Insurance Article
9 beginning July 1, 2003. At the end of [June 30] DECEMBER 31, 2007, the Senior
10 Prescription Drug Program established under Title 14, Subtitle 5, Part II, as
11 amended, shall be abrogated and of no further force and effect.

12 (5) Beginning April 1, 2003, the carrier required to offer the Short-Term
13 Prescription Drug Subsidy Plan under Title 15, Subtitle 6 of the Health - General
14 Article and the Senior Prescription Drug Program under Title 14, Subtitle 5 of the
15 Insurance Article shall subsidize the Plan and beginning July 1, 2003, the Program,
16 using the value of the carrier's premium tax exemption.

17 SECTION 3. AND BE IT FURTHER ENACTED, That notwithstanding the
18 provisions of § 14-512 of the Insurance Article, as enacted by Section 1 of this Act,
19 during calendar year 2006, the Board of the Maryland Health Insurance Plan may
20 structure the benefit subsidy under the Senior Prescription Drug Assistance Program
21 to cover any out-of-pocket costs an enrollee in the Program may incur for
22 prescription drugs.

23 SECTION 4. AND BE IT FURTHER ENACTED, That the Maryland Health
24 Insurance Plan may not spend any remaining funds from the Senior Prescription
25 Drug Program that may accrue to the account of the Senior Prescription Drug
26 Assistance Program without the approval of the General Assembly.

27 SECTION ~~2- 5.~~ AND BE IT FURTHER ENACTED, That this Act shall apply
28 to individuals enrolled in the Senior Prescription Drug Assistance Program beginning
29 January 1, 2006.

30 SECTION ~~3- 6.~~ AND BE IT FURTHER ENACTED, That this Act is an
31 emergency measure, is necessary for the immediate preservation of the public health
32 or safety, has been passed by a ye and nay vote supported by three-fifths of all the
33 members elected to each of the two Houses of the General Assembly, and shall take
34 effect from the date it is enacted.

