

SENATE BILL 824

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By: **Senator Middleton**

Introduced and read first time: February 16, 2007

Assigned to: Rules

Re-referred to: Finance, February 22, 2007

Committee Report: Favorable with amendments

Senate action: Adopted with floor amendments

Read second time: March 14, 2007

CHAPTER _____

1 AN ACT concerning

2 **Senior Prescription Drug Assistance Program – Modifications and Sunset**
3 **Extension**

4 FOR the purpose of prohibiting the subsidy required under the Senior Prescription
5 Drug Assistance Program from exceeding a certain amount in certain fiscal
6 years; authorizing the Program to limit payments of certain subsidies under
7 certain circumstances; extending the termination date of a certain program
8 until a certain date; altering certain references to a certain obsolete program to
9 clarify that the program being extended under this Act and that is funded by a
10 certain carrier is the Senior Prescription Drug Assistance Program; making
11 certain conforming changes; and generally relating to the Senior Prescription
12 Drug Assistance Program.

13 BY repealing and reenacting, with amendments,
14 Article – Insurance
15 Section 14–106(e) and 14–512
16 Annotated Code of Maryland
17 (2006 Replacement Volume and 2006 Supplement)

18 BY repealing and reenacting, without amendments,

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 Article – Insurance
 2 Section 14–511
 3 Annotated Code of Maryland
 4 (2006 Replacement Volume and 2006 Supplement)

5 BY repealing and reenacting, with amendments,
 6 Chapter 153 of the Acts of the General Assembly of 2002, as amended by
 7 Chapter 282 of the Acts of the General Assembly of 2005 and Chapter 345
 8 of the Acts of the General Assembly of 2006
 9 Section 13

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

12 **Article – Insurance**

13 14–106.

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

16 (1) for the period of January 1, 2006 through June 30, 2006,
 17 \$8,000,000;

18 (2) [for fiscal year 2007, \$14,000,000;

19 (3)] for fiscal [year] YEARS 2008 THROUGH 2010, \$14,000,000; and

20 [(4)] (3) for any year, the value of the nonprofit health service plan's
 21 premium tax exemption under § 6–101(b) of this article.

22 14–511.

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

24 (b) The purpose of the Program is to provide Medicare Part D beneficiaries,
 25 who meet Program eligibility requirements, with a State subsidy.

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

27 (d) The Administrator of the Program shall:

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

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

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

7 14-512.

8 (a) The Program shall:

9 (1) provide a prescription drug benefit subsidy, as determined by the
10 Board, that may pay all or some of the deductibles, coinsurance payments, premiums,
11 and copayments under the federal Medicare Part D Pharmaceutical Assistance
12 Program for enrollees of the Program; and

13 (2) provide the subsidy to the maximum number of individuals eligible
14 for enrollment in the Program, subject to the moneys available in the segregated
15 account under § 14-504 of this subtitle.

16 **(B) THE PROGRAM MAY LIMIT PAYMENT OF ANY SUBSIDY BY PAYING**
17 **THE SUBSIDY ONLY ON BEHALF OF ELIGIBLE INDIVIDUALS ENROLLED IN A**
18 **MEDICARE PART D PRESCRIPTION DRUG PLAN OR MEDICARE ADVANTAGE**
19 **PLAN THAT COORDINATES WITH THE PROGRAM IN ACCORDANCE WITH**
20 **FEDERAL REQUIREMENTS.**

21 **[(b)] (C) The Program may annually provide an additional subsidy, up to**
22 **the full amount of the Medicare Part D Prescription Drug Plan premium, for**
23 **individuals who qualify for a partial federal low-income subsidy.**

24 **[(c)] (D) The Program shall maintain a waiting list of individuals who meet**
25 **the eligibility requirements for the Program but who are not served by the Program**
26 **due to funding limitations.**

27 **[(d)] (E) The Board shall determine annually:**

28 (1) the number of individuals to be enrolled in the Program;

29 (2) the amount of subsidy to be provided under subsection (a) of this
30 section; and

1 (3) the amount of any additional subsidy provided under subsection ~~(b)~~
2 (C) of this section.

3 [(e)] (F) On or before January 1 of each year, the Board, in accordance with
4 § 2-1246 of the State Government Article, shall report to the General Assembly on:

5 (1) the number of individuals on the waiting list for the Program; and

6 (2) to the extent that the Board is able to collect the information:

7 (i) the number of enrollees with out-of-pocket prescription
8 drug costs that exceed \$2,250, broken down for each fiscal quarter; and

9 (ii) the total annual out-of-pocket prescription drug costs for
10 enrollees.

11 **Chapter 153 of the Acts of 2002, as amended by Chapter 282 of the Acts of**
12 **2005 and Chapter 345 of the Acts of 2006**

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

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

20 (2) Each individual enrolled in the Short-Term Prescription Drug
21 Subsidy Plan, established under Title 15, Subtitle 6 of the Health – General Article, on
22 June 30, 2003 shall, at the option of the enrollee and subject to the payment of all
23 necessary premiums and copayments, be automatically enrolled in the Senior
24 Prescription Drug Program established under this Act.

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

29 (4) ~~Benefits~~ **SUBSIDIES** shall be offered to enrollees through the
30 Senior Prescription Drug **ASSISTANCE** Program established under Title 14, Subtitle

1 5, Part II of the Insurance Article beginning ~~July 1, 2003~~ **JANUARY 1, 2006**. At the
2 end of December 31, [2007] **2009**, the Senior Prescription Drug ASSISTANCE
3 Program established under Title 14, Subtitle 5, Part II, as amended, shall be
4 abrogated and of no further force and effect.

5 (5) Beginning April 1, 2003, the carrier required to offer the
6 Short-Term Prescription Drug Subsidy Plan under Title 15, Subtitle 6 of the Health –
7 General Article and the Senior Prescription Drug ASSISTANCE Program under Title
8 14, Subtitle 5 of the Insurance Article shall subsidize the Plan and beginning ~~July 1,~~
9 ~~2003~~ **JANUARY 1, 2006**, the Program, using the value of the carrier’s premium tax
10 exemption.

11 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
12 June 1, 2007.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.