

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 1208

(Senator Klausmeier, *et al.*)

Finance

Health and Government Operations

**Senior Prescription Drug Assistance Program - Sunset Extension and Repeal of
Subsidy for Medicare Part D Coverage Gap**

This bill extends the termination date of the Senior Prescription Drug Assistance Program (SPDAP) by five years through December 31, 2024. Accordingly, the current \$14.0 million cap on the subsidy required for SPDAP is extended through fiscal 2025. The bill also repeals the additional subsidy for the Medicare Part D coverage cap and the associated funding requirement; **these provisions take effect January 1, 2020.**

Fiscal Summary

State Effect: Certain SPDAP revenues and expenditures are maintained through the first half of fiscal 2025. The fiscal 2019 budget includes approximately \$15.0 million for SPDAP.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: SPDAP provides Medicare Part D premium and coverage gap assistance to moderate-income Maryland residents who are eligible for Medicare and are enrolled in a Medicare Part D prescription drug plan. SPDAP provides a premium subsidy of up to \$40 per month toward members' Medicare Part D premiums. In addition, SPDAP provides a subsidy of up to \$3,427.13 per year to help members pay their prescription drug costs for the coverage gap or "donut hole." SPDAP terminates December 31, 2019.

There are two subsidies provided by CareFirst to SPDAP: (1) a subsidy under § 14-106 of the Insurance Article, which funds the SPDAP premium subsidy and is capped at \$14.0 million annually from fiscal 2008 through 2020; and (2) a subsidy under § 14-106.2 of the Insurance Article, which provides assistance with the Medicare Part D coverage gap and is provided in an amount of \$4.0 million only in years in which CareFirst incurs a specified surplus.

The federal Patient Protection and Affordable Care Act included provisions that incrementally eliminated the Medicare Part D coverage gap by 2020. However, the federal Bipartisan Budget Act of 2018 (P.L. 115-123) closes the coverage gap in 2019, instead of 2020 as was previously scheduled.

Background: SPDAP currently assists 25,500 members with their Medicare Part D prescription drug costs. The fiscal 2019 budget includes approximately \$15.0 million for SPDAP. In recent years, CareFirst provided \$4.0 million in 2017 and \$2.0 million in 2018 to fund the coverage gap. No funding is anticipated in 2019 for this subsidy. However, sufficient funding is available in SPDAP to provide both premium and coverage gap assistance through the end of calendar 2019 when the program terminates. Coverage gap assistance is no longer required after that time.

Additional Information

Prior Introductions: None.

Cross File: HB 1766 (Delegate Bromwell) - Health and Government Operations.

Information Source(s): Maryland Department of Health; Maryland Insurance Administration; Department of Legislative Services

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Analysis by: Jennifer B. Chasse

Direct Inquiries to:
(410) 946-5510
(301) 970-5510