

## Budget Initiative Fact Sheet

**Office:** MaineCare Services

**Date:** 12/13/11

**Program:** Fund for a Healthy Maine – Drugs for the Elderly

**Initiative #:** 7489, 7456 and 7465 MSP/DEL

**Account:** Z015, 0202

I. Description of Budget Proposal:

This initiative proposes to transfer funding from the Fund for a Healthy Maine Drugs for the Elderly account and redistribute to the Fund For a Healthy Maine Medical Care account.

II. Program Description:

1) Overview of the program:

22 §254-D. ELDERLY LOW-COST DRUG PROGRAM was first adopted in 2005. Policy 10-144 Chapter 10 Section 2. DEL is funded by all state dollars and rebates from drug manufacturers. Medicare Part D became effective in 2006.

DEL provides prescriptions and non-prescription drugs, medication and medical supplies to disadvantaged, elderly and disabled individuals. The program is limited to drugs where the manufacturer has a DEL rebate agreement in place.

The program covers individuals who are disabled between the ages of 19-61. The members who are not yet eligible for Medicare (they must be disabled for 24 months) receive assistance with prescription medications, the State will pay 80 percent less \$2 and the member pays the rest. Members over 62 receive the same benefit until they receive Medicare.

The DEL program has a wrap benefit that assists members who have other insurance. This benefit follows the formulary of the plan for Medicare. The wrap will cover:

- 50 percent of a brand name drug up to \$10 (DUAL, MSP and DEL)
- 100 percent up to \$2.60 on generic medications. (DUAL, MSP and DEL)
- 100 percent Part D premiums – average cost is \$31 per month per member
- 50 percent of the part D Deductible\*
- In the donut hole (or Gap), the member converts to original DEL benefits where the state will pay 80 percent less \$2 of the drug cost.
- State pays 100 percent for excluded drugs\*

\*Part D plans are contracted by the state. The pharmacy unit will go through the RFP process and select qualified benchmark plans. The state completes an assignment where member's drug profiles are studied and the member is assigned to a plan that best fits his or her needs. The average cost is \$31 per month per member..

\*Excluded drugs are drugs that do not have to be covered by the plan according to CMS, for example – benzodiazepine drugs are not required to be covered by a Part D plan so this class of drug is considered excluded. The ACA has changed this so now there are no excluded drugs.

In 2006 when Part D started, DEL members were enrolled into Part D insurance plans.

In April of 2007, the Department expanded the Medicare Savings Program, moving most DEL members to MSP. As an MSP member, individuals received additional benefits such as having the Part B premium paid, assistance with coinsurance and deductible, smaller copay and elimination of the donut hole.

2) What is purchased with these funds:

The Wrap program:

- 50 percent of a brand-name drug up to \$10 (DUAL, MSP and DEL)
- 100 percent, up to \$2.60 on generic medications. (DUAL, MSP and DEL)
- 100 percent Part D premiums – average cost is \$31 per month per member
- 50% percent of the part D Deductible\*
- in the donut hole (or Gap) the member converts to original DEL benefits where the state will pay 80% less \$2 of the drug cost
- State pays 100% for excluded drugs\*

3) What is the service delivery (i.e. state personnel, contracted services, etc):

- Part D plans are contracted, so the Department can pay the members premium
- Legal Services for the Elderly are contracted to provide appeal services for the population
- Good Health Services is contracted to enroll members into Part D plans as well as participate in the billing process. DEL claims are transmitted through the MEPOPS program
- Part B Premiums
- This account funds legislative membership in the National Legislative Association on Prescription Drug Prices (NLARx). Membership runs from July 1 through June 30

III. Financial Information:

	SFY'08	SFY'09	SFY'10	SFY'11
<b>General Fund or Other Special Revenue</b>	3,550,113	4,935,427	1,333,378	6,578,590
<b>Fund for a Healthy Maine</b>	12,069,185	11,488,182	12,839,107	12,352,334
<b>Federal Funds</b>				
<b>Total</b>	15,619,298	16,423,609	14,172,485	18,930,924

Other sources of funding for program, i.e. FHM?  Yes  No

IV. Total Individuals Served:

DEL Population per fiscal year

	2008	2009	2010	2011
DEL COMBO (DRUGS FOR THE ELDERLY COMBINATION)	5037	3796	3645	4022
DEL COMBO / QI, AGED	1553	2135	2847	2999
DEL ONLY (DRUGS FOR THE ELDERLY ONLY)			1	
DEL COMBO / QI, DISABLED / QI, BLIND	436	614	781	858
DEL COMBO / QMB - AGED	16795	18297	21114	21714
DEL COMBO / QMB - DISABLED / QMB - BLIND	5234	6444	7641	8537
DEL COMBO / SLMB - AGED	3726	4243	5217	5586
DEL COMBO / SLMB DISABLED / SLMB BLIND	1022	1215	1491	1664
DEL COMBO / SSI AND-OR STATE SUPPLEMENT (NO MEDICAID)	2			
	<u>33805</u>	<u>36744</u>	<u>42737</u>	<u>45380</u>

V. Program Eligibility Criteria:

Members with disability who are not eligible for Medicaid, QI, QMB and SLMB members receive the WRAP benefit.

VI. Current Budget Proposal:

1) Appropriation Increase: \$ -0-

2) Appropriation Decrease: (\$16,032,353)

3) Any contracts impacted?  Yes  No

VII. Any Legal Issues/Requirements, etc.? Federal? State?

VIII. MOE Requirements?  Yes  No

If yes, please explain:

IX. Q & A follow-up after committee session held on \_\_\_\_\_

Date