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National Conference of State Legislatures

NCSL SPRING FORUM
Washington, DC - April 7, 2006

**SPAPs & Medicare Part D:
a 2006 State Update**

**How States have created wrap around & temporary
gap programs, Medicaid changes & more.**

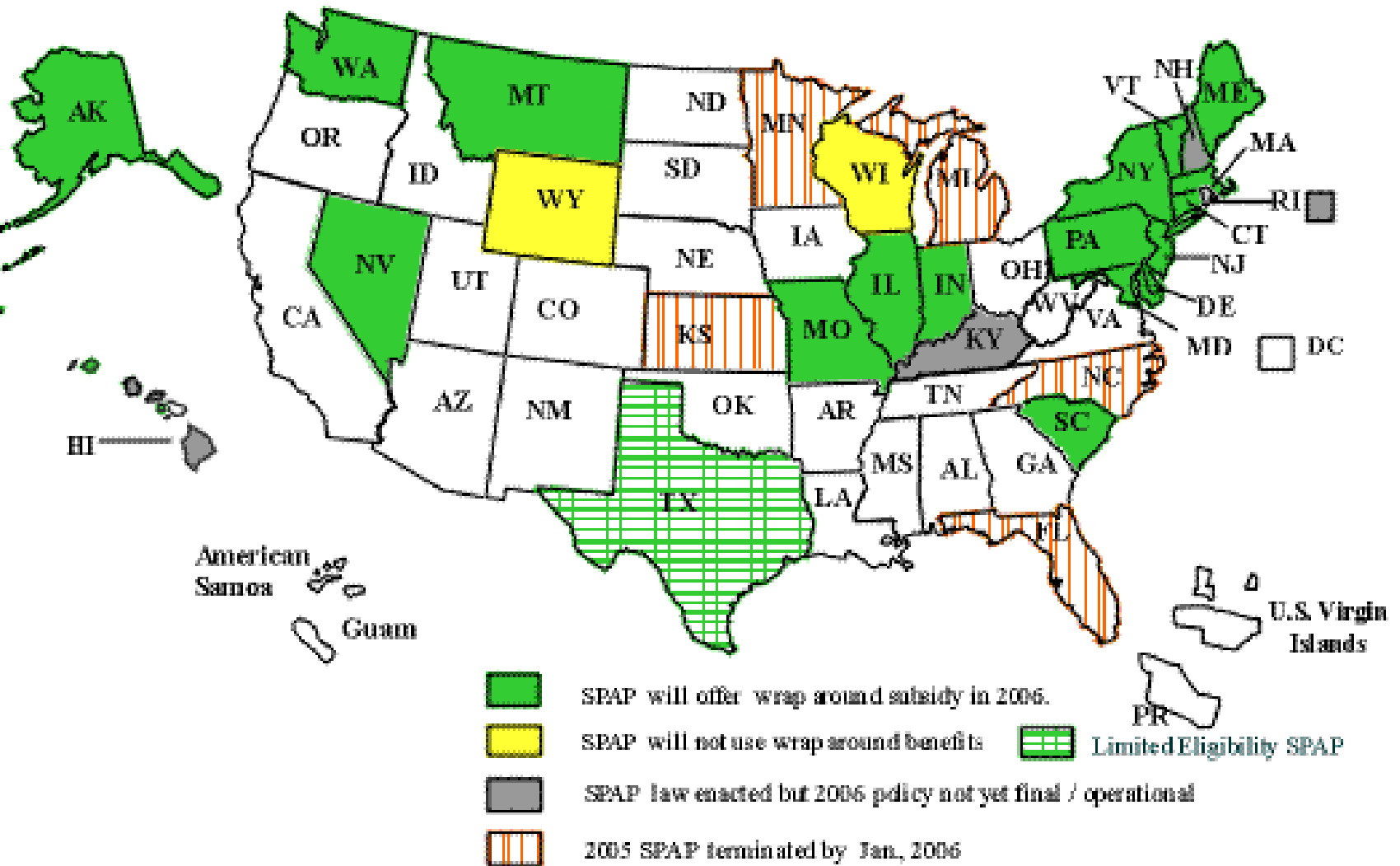
Rev. 3/31/06 a



MMA Led to Major Changes in State Laws & Policies

- **2005: 45 states** considered 130+ bills
 - **31 states passed laws** as of December
 - AK, AZ, AR, CA, CO, CT, DE, FL, HI, IL, IN, KY, LA, ME, MD, MA, MN, MS, MO, MT, NV, NH, NJ, NM, NY, ND, OK, OR, SC, VT, VA, WA
- **2006: 37+ states** already made RX policy changes. At least 6 states passed laws in 1st 3 weeks.
- Quick, nimble solutions to offer emergency coverage for duals overcharged or turned away
HHS announced reimbursement solution on Jan. 24.

States with Laws or Programs to Wrap Around or Coordinate SPAP and Medicare Part D Benefits



© Compiled by NCSL; updated 3/28/06. Includes new programs in AK, HI, KY, MT & NH not operational until 1/06 or later. For details regarding content and status, consult NCSL reports online at www.ncsl.org/programs/health/SPAPCoordination.htm

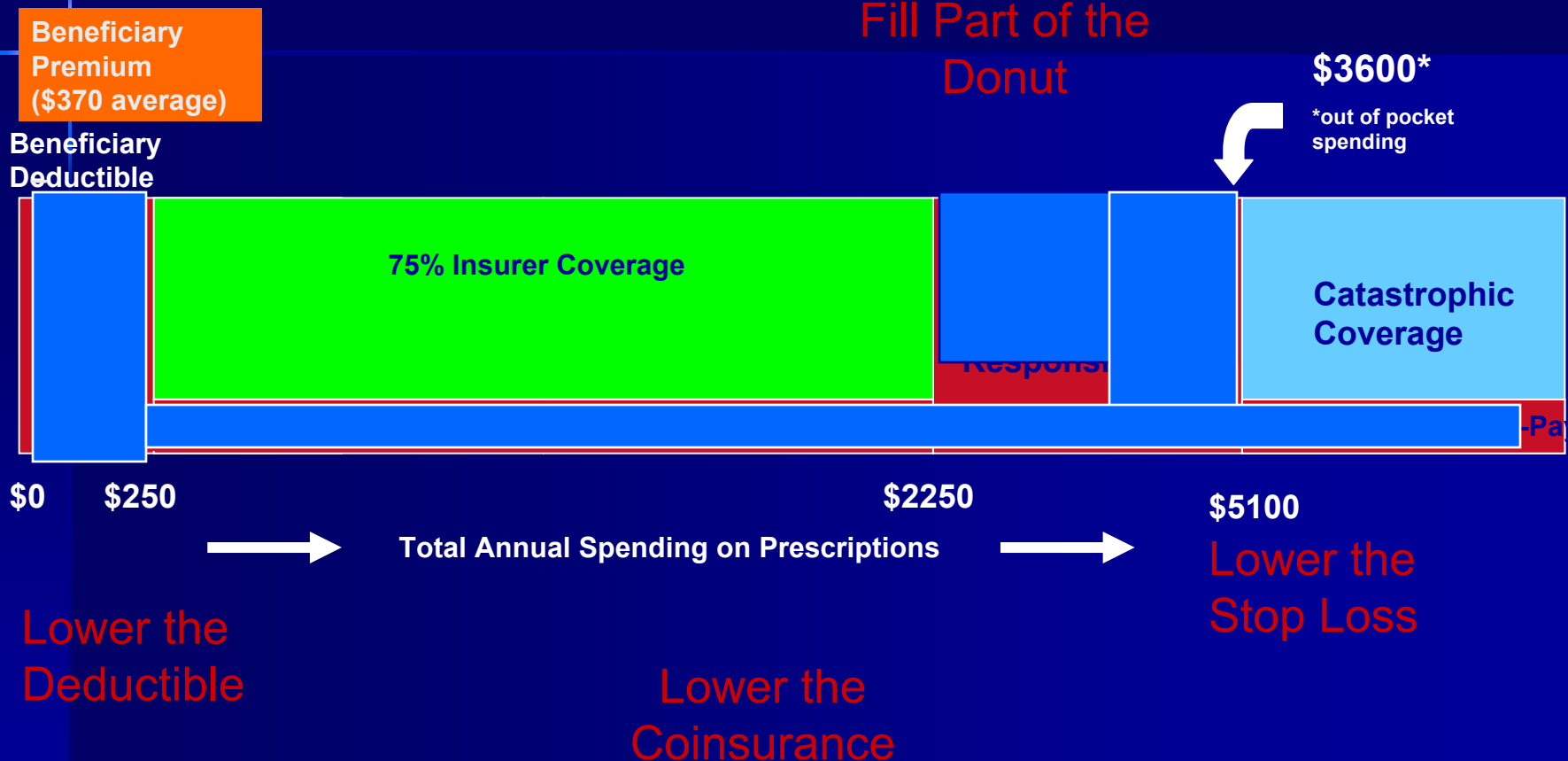
2005 Law Examples

- **"Wrap around" benefits**, allowing existing state pharmaceutical assistance programs (SPAPs) to fund or facilitate costs not covered by MMA. (CT, DE, IL, IN, ME, MD, MA, MO, NV, NJ, NY, SC, VT) Executive action w/o law: PA, RI = 15 states
- **Create new subsidy programs** to wrap around or supplement Part D. (AK, HI, KY, MT, NH) = 5 states
- **Repeal or termination** of existing state Rx programs or features. (FL, KS, MI, MN, NC) = 5 states

Options for Part D State Enhancement

An April '06 review

[adopted from Donna Boswell, Dec. 2004 with NCSL additions]



Illinois



- Rx coverage wraps around benefits with Medicare; paying premiums, deductibles + gap coverage.
- Income up to \$21,218 for individual or 28,480 for a couple
- State share = up to \$3,000+.
- current active enrolled: 270,338 members, including about 30,000 Non-Medicare

Massachusetts redesigns



Prescription Advantage

- Was 2005 Rx insurance plan for 80,000.
- Part D replaces old policies for 77,000 Medicare eligibles.
- State pays some of the Medicare costs for premiums, deductibles, gap payments, and co-payments.
- MA was 1st state to win CMS approval to "auto-enroll members into lower-cost PDP plans. *(Random assigned to plans w/ premiums below a uniform threshold)*
- For 3,000 non-Medicare eligible, state insurance coverage continues.

Alaska



- Newly created, solely as wrap around.
(Signed August '05)
- Age 65+;
income up to 175% FPL.
(In AK = \$21,437/yr for '06)
- Will cover premiums and annual deductible, about \$670 /yr.
- Est. eligible 4,000 Part D

Nevada



- State \$ wrap around instead of insurance.
- Will cover premiums and coverage gap over \$2250 (not co-pays or deductibles).
- Age 62-64 covered with state-only \$
- 9,500 enrolled so far.

States Covering non-Medicare people

- **Eligibility expansions & new Rx programs, in part to serve non-Medicare populations under age 65.** Most are discount card plans.
 - **14 states have some type of program authorized**
- **2005 laws enacted in six states: no age limits**
 - **Arkansas: income up to 350% FPL***
 - **Illinois: all residents, income up to 300% FPL**
 - **Maryland: uninsured up to 175% FPL**
 - **Montana: uninsured or exhausted benefits, 250%**
 - **New Mexico: uninsured, no income limit**
 - **Oklahoma: uninsured; no income limit**

*FPL = Federal Poverty Level: \$9800 in 2006

Washington

Medicare Copayment plan

- 2006 plan to use \$14 million already appropriated for the "clawback" using savings derived from the HHS recalculation.
- State will pay the \$1 to \$5 copayments owed by dual-eligibles.
 - SB 6386 signed 3/31/06; started 2/21/06; will cover costs through June 2007
 - 175,880 claims totaling \$331,836 in 1st 3 weeks.

Medicaid wrap around experiments

- Beyond SPAPs, at least 4 state Medicaid programs are offering duals extra coverage with state-only \$.
- As of March. 2006: CT, NJ, NY, VT
 - NJ estimates about 3% of previous year drug spend on the wrap. (might = \$90M?)
 - CT about 10%.

Some 2006 Issues

- Further changes in SPAP coverage.
- State regulation of PDPs? (CA, CT, MN laws)
- State coverage of "Part D Excluded Drugs" or non-plan Rx.
 - 9 categories not required by federal Medicaid (anorexia, fertility, cough & cold, etc.)
 - Off-label uses, Clinical trial Rx
- The Clawback > state suit filed in March
- Impact on Medicaid Preferred Drug Lists.

NCSL-CMS Partnership On Part D

- Partnership to get information to legislators and constituents on Part D.
 - CMS Policy Updates posted by NCSL.
 - State laws related to Part D.
 - Key Messages for People with Medicare

Medicare Tools for State Legislatures

- www.ncsl.org/programs/health/MedicareRx.htm
- www.cms.hhs.gov/States/



For more...



■ NCSL resources:

- www.ncsl.org/programs/health/pharm.htm

NEW

2006 Prescription Drug State Legislation 400+ bills in 40 states [41 pp]

- www.ncsl.org/programs/health/drugbill06.htm

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