

FILED FEB 02 1989

SENATE FILE 145
BY RENSINK

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act to establish a pharmaceutical assistance to the aged
2 program in the department of elder affairs and providing a
3 penalty.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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SF 145

1 Section 1. NEW SECTION. 249D.63 PHARMACEUTICAL
2 ASSISTANCE TO THE AGED PROGRAM ESTABLISHED.

3 1. For purposes of this section, unless the context
4 otherwise requires:

5 a. "Eligible person" means an unmarried resident elder
6 person with an annual income of nine thousand dollars or less
7 or a married resident elder person with a family income of
8 twelve thousand dollars or less, except that a person who
9 receives financial assistance for the purchase of prescription
10 drugs from another program is not eligible for the
11 pharmaceutical assistance to the aged program or has limited
12 eligibility as determined by the department.

13 b. "Prescription drug" means prescription drug as defined
14 under section 155A.3, subsection 29.

15 c. "Program" means the pharmaceutical assistance to the
16 aged program established in this section.

17 d. "Reasonable cost" means a charge which is less than or
18 equal to the allowable cost of a prescription drug as
19 determined by the Iowa department of public health and to
20 which is added a professional dispensing fee which is less
21 than or equal to the seventy-fifth percentile of usual and
22 customary fees in this state.

23 e. "Resident" means a person who is legally domiciled
24 within this state for a period of thirty days or more prior to
25 making an application to the pharmaceutical assistance to the
26 aged program. Mere seasonable or temporary residence within
27 the state, of whatever duration, does not constitute domicile.
28 Absence from this state for a period of twelve months is prima
29 facie evidence of abandonment of domicile.

30 2. A pharmaceutical assistance to the aged program is
31 established in the department. An advisory committee shall be
32 appointed by the director, with the advice of the Iowa
33 pharmaceutical association, to provide recommendations re-
34 garding the program.

35 3. The department shall adopt rules to implement this

1 section. The rules shall provide for all of the following:

2 a. A means to determine the eligibility of a person, in-
3 cluding proof of the person's actual and anticipated annual
4 income, evidence of complete or partial reimbursement for the
5 costs of prescription drugs from a provider other than the
6 program, and other provisions consistent with this section.

7 b. The remittance by a person who is eligible for the
8 program to the participating pharmacist of a copayment of one
9 hundred percent of the reasonable cost to a maximum amount of
10 not more than three dollars and fifty cents at the time of
11 purchase of a prescription drug. The copayment shall not be
12 subject to waiver, discount, or rebate.

13 c. If the cost of the prescription drug exceeds the rea-
14 sonable cost and the prescription drug is available under a
15 generic name, the eligible person may obtain the trade name
16 drug by paying the amount that the trade name drug cost
17 exceeds the reasonable cost of the generic drug. However, if
18 the medical practitioner indicates that the trade name drug
19 must not be substituted, the eligible person is not required
20 to pay more than the maximum copayment amount.

21 d. A system to reimburse the dispensers of prescription
22 drugs.

23 e. Provisions which require the department to reimburse
24 each person who applies for acceptance into the program for
25 the cost of each prescription drug purchased by the person,
26 less an amount of three dollars and fifty cents copayment per
27 prescription, between the date of submission of a completed
28 application to the department and the date of acceptance of
29 the person as eligible. However, eligibility for this
30 provision is limited to purchases made on or after July 1,
31 1989.

32 f. A form of identification for eligible persons to prove
33 their eligibility. The form of identification must
34 conspicuously include notice of penalties for violating the
35 provisions of this section.

1 g. A requirement that prescriptions contain the name,
2 address, and identification number of the eligible person in
3 order to be reimbursable.

4 h. Limitations on the maximum amount of a prescription
5 drug which can be dispensed per prescription, after consul-
6 tation with the director of the Iowa department of public
7 health.

8 4. A person who supplies false information to establish
9 eligibility for the program or to obtain reimbursement commits
10 a serious misdemeanor.

11 EXPLANATION

12 This bill creates a pharmaceutical assistance to the aged
13 program in the department of elder affairs. An advisory
14 committee for the program is required. Terms are defined and
15 the definition for prescription drug is adopted by reference
16 from the pharmacy chapter. The Iowa department of public
17 health is required to develop a reasonable cost, which
18 includes a dispensing fee, for prescription drugs and a
19 maximum amount of each drug which can be dispensed per
20 prescription. Eligibility guidelines are provided.

21 The department of elder affairs is required to adopt rules
22 regarding copayment per prescription, reimbursement policies
23 for generic and trade name drugs, a reimbursement system for
24 dispensers, reimbursement for persons newly eligible for the
25 program, identification forms for eligible persons, and
26 requirements for prescription information.

27 A person who supplies false information in order to become
28 eligible for the program or to obtain reimbursement commits a
29 serious misdemeanor.

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SENATE FILE 145
FISCAL NOTE

A fiscal note for **SENATE FILE 145** is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

Senate File 145 creates a Pharmaceutical Assistance to the Aged Program within the Department of Elder Affairs (DEA).

Assumptions:

1. It is estimated that 25% of persons aged 60 and older in the state fall within the group who would be financially eligible to be subsidized.
2. DEA would require three positions to implement and maintain a Prescription Fund Program.
3. The Department will write and implement rules which establish the rules of the program and a cost sharing schedule which is based on the elders' need to be subsidized.
4. It is estimated that one person in this age group averages \$360 per year for prescription drugs.
5. Although figures are unavailable, DEA assumes that 10,000 eligible individuals would apply for assistance.
6. The only responsibility of the Department of Public Health (DPH) is to determine the allowable costs of prescription drugs. The estimates are based on performing only that function and do not reflect potential costs to other state or local agencies.
7. DPH does not include costs of distributing lists to providers and/or eligible persons.

Fiscal Effect:

The Department of Health estimates an expenditure of \$3,500 in FY 1990 and \$1,250 in FY 1991 for staff time necessary to gather information to establish allowable costs.

The Department of Elder Affairs estimates an expenditure of \$3,695,021 in both FY 1990 and 1991. \$3,600,000 represents grant-in-aid monies for the eligible individuals. The remaining \$95,021 encompasses salaries for a Program Planner III (\$30,969), an Administrative Assistant I (\$22,456), and a Secretary I (\$19,096); support costs (\$5,000); the Advisory Council (\$2,500); and computer equipment (\$15,000).

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(dollars in thousands)

	Fiscal Year 1990			Fiscal Year 1991		
	Current Law	Proposed Law	Increase (Decrease)	Current Law	Proposed Law	Increase (Decrease)
<u>EXPENDITURES</u>						
Salaries	\$ 0	\$ 56,425	\$ 56,425	\$ 0	\$ 54,425	\$ 54,425
(FTE's)	(000.0)	(3.0)	(3.0)	(000.0)	(3.0)	(3.0)
Support	0	42,096	42,096	0	41,846	41,846
Grant-in-aid		3,600,000	3,600,000		3,600,000	3,600,000
Total	\$ 0	\$3,698,521	\$3,698,521	\$ 0	\$3,696,271	\$3,696,271
NET EFFECT	\$ 0	\$3,698,521	\$3,698,521	\$ 0	\$3,696,271	\$3,696,271

Source: Department of Elder Affairs
Department of Public Health

(LSB 4106s, VYW)

FILED MARCH 2, 1989

BY DENNIS PROUTY, FISCAL DIRECTOR