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SENATE FILE 65
BY BLACK of Jasper

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

A BILL FOR

1 An Act relating to the establishment of a pharmaceutical
2 assistance program for the elderly, and providing a penalty.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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S.F. 65

1 Section 1. NEW SECTION. 231.61 PHARMACEUTICAL ASSISTANCE
2 PROGRAM ESTABLISHED.

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

5 a. "Eligible person" means a person, sixty-five years of
6 age or older with an annual net income of not more than one
7 hundred fifty percent of the federal poverty level, as defined
8 by the most recent poverty income guidelines published by the
9 United States department of health and human services, or a
10 person sixty-five years of age or older, who with the person's
11 spouse has an annual net income of not more than one hundred
12 fifty percent of the federal poverty level, as defined by the
13 most recent poverty income guidelines published by the United
14 States department of health and human services. "Eligible
15 person" does not include a person who is eligible for
16 financial assistance for the purchase of prescription drugs
17 under another local, state, or federal program to the extent
18 that the other program provides financial assistance for the
19 purchase of prescription drugs.

20 b. "Prescription drug" means a prescription drug as
21 defined in section 155A.3.

22 c. "Program" means the pharmaceutical assistance program
23 established in the section.

24 d. "Reasonable cost" means a charge which is equal to the
25 average wholesale cost of the prescription drug and the
26 additional dispensing pharmacy's usual fee, not to exceed the
27 seventy-fifth percentile of usual and customary fees in this
28 state, as determined by the Iowa department of public health.

29 2. A pharmaceutical assistance program is created within
30 the department to provide for subsidization of the
31 prescription drug costs of eligible persons in rural and urban
32 areas throughout the state. The director shall appoint an
33 advisory committee to make recommendations to the commission
34 in the creation of the program and in adoption of rules to
35 implement the program. The Iowa pharmaceutical association

1 shall assist the commission in the creation and implementation
2 of the program.

3 3. The commission shall adopt rules to implement this
4 section. The rules shall provide for all of the following:

- 5 a. A means to determine the eligibility of a person,
6 including proof of the person's actual and anticipated annual
7 net income, evidence of complete or partial payment for the
8 costs of prescription drugs from a provider other than the
9 program, and other provisions consistent with this section.
10 b. Issuance by the department of a participation card upon
11 approval of an application. The annual fee for participation
12 in the program is eighty dollars. An initial application
13 shall be accompanied by proof of the date of birth of the
14 person.

15 c. A prescription copayment of twenty percent of the
16 reasonable cost of the prescription which shall be collected
17 from the person participating in the program by the dispensing
18 pharmacy not to exceed eight hundred dollars in prescription
19 costs for each calendar year. Thereafter, a copayment of
20 forty percent of the reasonable cost of prescriptions in
21 excess of eight hundred dollars for the remainder of any
22 calendar year shall be collected. The balance of the
23 reasonable costs shall be paid by the department to the
24 dispensing pharmacy after submission of a claim to the
25 department.

26 d. A provision that if the cost of the prescription drug
27 exceeds the reasonable cost and the prescription drug is
28 available under a generic name, the eligible person may obtain
29 the trade name drug rather than the generic drug by paying the
30 difference in the amounts of the trade name drug and generic
31 name drug. However, if the prescribing practitioner indicates
32 on the prescription that a substitution of the trade name drug
33 is prohibited, the eligible person is subject only to payment
34 of the copayment amount.

35 e. A reimbursement system which includes on-line point of

1 service claims transmission and adjudication, with utilization
2 review.

3 f. A form of identification for persons to use in proving
4 eligibility. The form of identification shall include a
5 conspicuous notation of the penalties for violation of this
6 section.

7 g. A requirement that prescriptions contain the name,
8 address, and identification number of the eligible person.

9 h. A provision to ensure choice of pharmaceutical services
10 by the eligible person.

11 4. A person who supplies false information to establish
12 eligibility for the program or to obtain reimbursement is
13 guilty of a serious misdemeanor.

14 EXPLANATION

15 This bill creates a pharmaceutical assistance program in
16 the department of elder affairs to provide for subsidization
17 of prescription drug costs of eligible persons 65 years of age
18 and older with limited incomes, as established in the bill.
19 The Iowa department of public health is required to develop a
20 reasonable cost, which includes a dispensing fee, for
21 prescription drugs. The department of elder affairs is
22 required to adopt rules regarding copayments, reimbursement
23 policies for generic and trade name drugs, a reimbursement
24 system for dispensers, a form of identification for eligible
25 persons, and requirements for information included in a
26 prescription. A person who supplies false information in
27 order to become eligible for the program or to obtain
28 reimbursement is guilty of a serious misdemeanor.

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