

FILED FEB 10 2000

SENATE FILE 2131

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

A BILL FOR

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

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SF 2131 HUMAN RESOURCES

1 Section 1. NEW SECTION. 135M.1 PHARMACEUTICAL ASSISTANCE
2 PROGRAM ESTABLISHED.

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

5 a. "Department" means the Iowa department of public
6 health.

7 b. "Eligible person" means a person, sixty-five years of
8 age or older, with an annual net income of not more than two
9 hundred percent of the federal poverty level for a family of
10 one, as defined by the most recent poverty income guidelines
11 published by the United States department of health and human
12 services, or a person sixty-five years of age or older who,
13 with the person's spouse, has an annual net income of not more
14 than two hundred fifty percent of the federal poverty level
15 for a family of two as defined by the most recent poverty
16 income guidelines published by the United States department of
17 health and human services. "Eligible person" does not include
18 a person who is eligible for financial assistance for the
19 purchase of prescription drugs under another local, state, or
20 federal program to the extent that the other program provides
21 financial assistance for the purchase of prescription drugs
22 and does not include a person who is covered under or who
23 voluntarily lost coverage within the prior six months under a
24 health benefit plan which provides coverage for the purchase
25 of prescription drugs.

26 c. "Prescription drug" means a prescription drug as
27 defined in section 155A.3.

28 d. "Program" means the pharmaceutical assistance program
29 established in this section.

30 e. "Reasonable cost" means a charge which is equal to the
31 average wholesale cost of the prescription drug and the
32 additional dispensing pharmacy's usual fee, not to exceed the
33 seventy-fifth percentile of usual and customary fees in this
34 state, as determined by the department.

35 2. A pharmaceutical assistance program is established

1 within the department to provide for subsidization of
2 prescription drug purchases by eligible persons. The director
3 of public health shall appoint an advisory committee to make
4 recommendations regarding the establishment of the program and
5 the adoption of rules to administer the program.

6 3. The department shall adopt rules to administer this
7 section. The rules shall provide for, but are not limited to,
8 all of the following:

9 a. A means to determine the eligibility of a person,
10 including proof of the person's date of birth, proof of the
11 person's actual and anticipated annual net income, evidence of
12 complete or partial payment for the costs of prescription
13 drugs from a provider other than the program, and other
14 provisions consistent with this section.

15 b. Issuance by the department of a participation card,
16 upon approval of an application. The participation card shall
17 include a conspicuous notation of the penalties for violation
18 of this section.

19 c. A prescription copayment based on the reasonable cost
20 of the prescription. The eligible person may choose to
21 participate in either an annual limited fee plan or a
22 deductible plan with annual limits on copayments.

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

32 e. A reimbursement system that includes on-line point of
33 service claims transmission and adjudication, with utilization
34 review.

35 f. A requirement that prescriptions contain the name,

1 address, and identification number of the eligible person.

2 g. A provision to ensure choice of pharmaceutical services
3 by the eligible person.

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

7 5. This section does not create an entitlement to any
8 funds available for the program, and the department may expend
9 funds only to the extent funds are available and within its
10 discretion to expend under the program.

11 Sec. 2. APPROPRIATION. There is appropriated from the
12 tobacco settlement fund created in section 12.65, to the Iowa
13 department of public health for the fiscal year beginning July
14 1, 2000, and ending June 30, 2001, the following amount, or so
15 much thereof as is necessary, to be used for the purpose
16 designated:

17 For the pharmaceutical assistance program established in
18 section 135M.1:

19 \$ 10,000,000

20 EXPLANATION

21 This bill creates a pharmaceutical assistance program in
22 the Iowa department of public health to provide for
23 subsidization of prescription drug purchases by eligible
24 persons 65 years of age and older with limited incomes, as
25 established in the bill. The department is required to
26 develop a reasonable cost, which includes a dispensing fee,
27 for prescription drugs. The Iowa department of public health
28 is required to adopt rules regarding copayments, reimbursement
29 policies for generic and trade name drugs, a reimbursement
30 system for dispensers, and requirements for information
31 included in a prescription. A person who supplies false
32 information in order to become eligible for the program or to
33 obtain reimbursement is guilty of a serious misdemeanor. The
34 bill provides that the program does not establish an
35 entitlement. The bill also provides an appropriation from the

1 tobacco settlement fund of \$10 million to the Iowa department
2 of public health for the program.

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