
A BILL FOR AN ACT

RELATING TO THE STATE PHARMACY ASSISTANCE PROGRAM.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Section 346-341, Hawaii Revised Statutes, is
2 amended by repealing the definition of "asset test."

3 ~~[""Asset test" means the asset limits for eligibility in
4 the state pharmacy assistance program as defined by the Medicare
5 Modernization Act and any amendments thereto."]~~

6 SECTION 2. Section 346-341, Hawaii Revised Statutes, is
7 amended by repealing the definition of "full coverage
8 prescription drug benefit."

9 ~~[""Full coverage prescription drug benefit" means a
10 federally approved prescription drug plan that offers a zero
11 co-payment benefit for medicaid dual eligibles under the
12 medicare part D drug benefit."]~~

13 SECTION 3. Section 346-341, Hawaii Revised Statutes, is
14 amended by repealing the definition of "liquid assets."

15 ~~[""Liquid assets" means assets used in the eligibility
16 determination process as defined by the Medicare Modernization
17 Act."]~~



1 SECTION 4. Section 346-342, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "[~~§~~§346-342~~§~~] **State pharmacy assistance program.** (a)

4 There is established within the department the state pharmacy
5 assistance program. Provided that there are no federally
6 approved prescription drug plans available in the State that
7 provide a full coverage prescription drug benefit, the state
8 pharmacy assistance program may coordinate the prescription drug
9 coverage with the federal medicare part D prescription drug
10 benefit, including related supplies, as determined by the
11 department, to each resident who meets the eligibility
12 requirements as outlined in section 346-343.

13 (b) The department [~~may~~] shall provide enrollment
14 assistance to eligible individuals [~~into the state pharmacy~~
15 ~~assistance program. Enrollment for medicaid dual eligible~~
16 ~~persons shall begin no later than October 1, 2005.~~] to identify
17 the medicare prescription drug plans that best meet the needs of
18 the enrollee at the lowest cost, based on the enrollee's
19 medication, pharmacy, and overall costs to the enrollee, and to
20 assist the enrollee in joining or changing plans.

21 (c) The department shall allow any willing prescription
22 drug plan approved by the federal Centers for Medicare and



1 Medicaid Services to provide the coordination of benefits
2 between the State's medicare prescription drug program and the
3 medicare part D drug benefit.

4 (d) The department may administer the state pharmacy
5 assistance program or contract with a third party or parties in
6 accordance with chapter 103F to administer any single component
7 or combination of components of the state pharmacy assistance
8 program, including outreach, eligibility, enrollment, claims,
9 administration, rebate negotiations and recovery, and
10 redistribution, in order to coordinate the prescription drug
11 benefits of the state pharmacy assistance program and the
12 federal medicare part D drug benefit.

13 (e) Any contract with third parties to administer any
14 component of the state pharmacy assistance program shall be
15 established either at no cost to the State, or on a
16 contingency-fee basis and with no up-front costs to the State,
17 as may be negotiated by the department.

18 (f) Any contract with third parties to administer any
19 component of the state pharmacy assistance program shall
20 prohibit the contractor from receiving any compensation or other
21 benefits from any pharmaceutical manufacturer participating in
22 the state pharmacy assistance program.



1 (g) A prescription drug manufacturer or labeler that sells
2 prescription drugs in the State may enter into a rebate
3 agreement with the department ~~[]~~; provided that it does not
4 conflict with federal law. The rebate agreement may be agreed
5 upon by the manufacturer or the labeler to make rebate payments
6 to the department each calendar quarter or according to a
7 schedule established by the department.

8 (h) The department or contractor may negotiate the amount
9 of the rebate required from a manufacturer or labeler in
10 accordance with this part.

11 (i) The department or contractor may take into
12 consideration the rebate calculated under the medicaid rebate
13 program pursuant to Title 42 United States Code Section 1396r-8,
14 the average wholesale price of prescription drugs, and any other
15 cost data related to prescription drug prices and price
16 discounts.

17 (j) The department or contractor shall use their best
18 efforts to obtain the best possible rebate amount.

19 (k) The department may prescribe the application and
20 enrollment procedures for prospective enrollees.



1 The department shall conduct ongoing quality assurance
2 activities similar to those used in the State's medicaid
3 program."

4 SECTION 5. Section 346-343, Hawaii Revised Statutes, is
5 amended to read as follows:

6 "~~[+]§346-343 [.]~~ **Eligibility.** (a) All residents of the
7 State shall be eligible to participate in the state pharmacy
8 assistance program; provided that the applicant:

9 (1) Is a resident of Hawaii;

10 (2) Is sixty-five years or older, or is disabled and
11 receiving a social security benefit;

12 (3) Has a household income at or below one hundred fifty
13 per cent of the federal poverty level; and

14 ~~[-(4) Meets the asset test; and~~

15 ~~-(5)]~~ (4) Is not a member of a retirement plan who is
16 receiving a benefit from the Medicare Modernization
17 Act.

18 (b) State pharmacy assistance program applicants who are
19 enrolled in any other public assistance program providing
20 pharmaceutical benefits, other than the Medicare Modernization
21 ~~[Act,]~~ Act and medicaid, shall be ineligible for the state
22 pharmacy assistance program as long as they receive



1 pharmaceutical benefits from that other public assistance
2 program, unless the applicant is eligible for medicare.
3 Residents who qualify for, or are enrolled in, the [Rx plus
4 program] shall be eligible for the state pharmacy assistance
5 program; provided that they meet all other state pharmacy
6 assistance program requirements.

7 (c) State pharmacy assistance program applicants who are
8 enrolled in a private sector plan or insurance providing
9 payments for prescription drugs shall be ineligible to receive
10 benefits from the state pharmacy assistance program.

11 (d) State pharmacy assistance program applicants must
12 apply for the federal medicare part D pharmacy benefit program,
13 apply for and accept all subsidies available under the federal
14 medicare part D pharmacy drug benefit, and authorize the
15 department to request eligibility, coverage, and formulary
16 exceptions on the beneficiary's behalf and to appeal adverse
17 determinations relating to medicare prescription drug plan
18 enrollment, eligibility, subsidy eligibility and benefit levels,
19 coverage, and formulary exceptions."

20 SECTION 6. Section 346-344, Hawaii Revised Statutes, is
21 amended to read as follows:



1 "~~[§]346-344[§]~~ **Benefits.** (a) For persons meeting the
2 eligibility requirements in section ~~[346-343,]~~ 346-343 with
3 household incomes of not more than one hundred fifty per cent of
4 the federal poverty level, the state pharmacy assistance program
5 ~~[may pay all or some of the co-payments required under the~~
6 ~~federal medicare part D pharmacy benefit program, subject to~~
7 ~~receipt of sufficient rebates pursuant to section 346-342(g), as~~
8 ~~determined by the department.]~~ shall pay:

9 (1) The medicare prescription drug premium or a portion
10 thereof, up to one hundred twenty-five per cent of the
11 average premium charged by the part D plans available
12 in the State;

13 (2) As to prescriptions covered by the medicare
14 prescription drug benefit, all enrollee costs,
15 including deductibles and co-payments;

16 (3) As to classes of medication excluded from coverage by
17 the medicare prescription drug benefit, all enrollee
18 costs; and

19 (4) As to a prescription that has been denied for coverage
20 by the medicare prescription drug plan because the
21 pharmaceutical is not on the plan's formulary, all
22 enrollee costs, if the department determines that



1 alternative medications available from the medicare
2 prescription drug plan would be less effective than
3 the prescribed medication or unsafe. The department
4 is authorized to seek reimbursement from the medicare
5 prescription drug plan and to request and appeal a
6 part D formulary exception on behalf of the department
7 and the beneficiary.

8 (b) The state pharmacy assistance program is the payor of
9 last [~~resort, subject to receipt of sufficient rebates pursuant~~
10 ~~to section 346-342(g), as determined by the department.~~] resort.

11 (c) The state pharmacy assistance program shall be funded
12 with state appropriations, including funds derived from revenues
13 to the State from rebates paid by pharmaceutical manufacturers
14 pursuant to section 346-342(g), [~~which may affect the level of~~
15 ~~benefits to program enrollees pursuant to subsection (a)~~
16 ~~depending on the amount of the rebates received by the State to~~
17 ~~cover all program benefits and costs of administering the~~
18 ~~program.~~] and with savings resulting from medicare prescription
19 drug coverage for the medicaid dual eligible population."

20 SECTION 7. Section 346-345, Hawaii Revised Statutes, is
21 amended by amending subsection (b) to read as follows:



1 "(b) Moneys in the state pharmacy assistance program
2 special fund may be used for:

3 ~~[(1) Reimbursement payments to participating pharmacies for
4 co-payments required under the federal medicare part D
5 pharmacy benefit program as provided to state pharmacy
6 assistance program participants;]~~

7 (1) Payment of benefits under section 346-344;

8 (2) The costs of administering the state pharmacy
9 assistance program, including salary and benefits of
10 employees, computer costs, and contracted services as
11 provided in section 346-342(d); and

12 (3) Any other purpose deemed necessary by the department
13 for the purpose of operating and administering the
14 state pharmacy [+]~~ass~~istance[+] program.

15 All interest on special fund balances shall accrue to the
16 special fund. Upon dissolution of the state pharmacy assistance
17 program special fund, any unencumbered moneys in the fund shall
18 lapse to the general fund."

19 SECTION 8. Statutory material to be repealed is bracketed
20 and stricken. New statutory material is underscored.

21 SECTION 9. This Act shall take effect on July 1, 2050.

SB3003, SD1

Report Title:

State Pharmacy Assistance Program

Description:

Extends income eligibility requirement to one hundred fifty per cent of the federal poverty level. Requires the department to provide enrollees with counseling about prescription drug plans.
(SD1)

