
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] The~~
8 state pharmacy assistance program may coordinate the
9 prescription drug coverage with the federal medicare part D
10 prescription drug benefit, including related supplies, as
11 determined by the department, to each resident who meets the
12 eligibility requirements as outlined in section 346-343.

13 ~~[(b) The department may provide enrollment assistance to~~
14 ~~eligible individuals into the state pharmacy assistance program.~~
15 ~~Enrollment for medicaid dual eligible persons shall begin no~~
16 ~~later than October 1, 2005.~~

17 ~~(e)]~~ (b) The department shall allow any willing
18 prescription drug plan approved by the federal Centers for
19 Medicare and Medicaid Services to provide the coordination of
20 benefits between the State's medicare prescription drug program
21 and the medicare part D drug benefit.

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

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

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

20 ~~(g)~~ (f) A prescription drug manufacturer or labeler that
21 sells prescription drugs in the State may enter into a rebate
22 agreement with the department~~(-)~~; provided that it does not



1 conflict with federal law. The rebate agreement may be agreed
2 upon by the manufacturer or the labeler to make rebate payments
3 to the department each calendar quarter or according to a
4 schedule established by the department.

5 [~~(h)~~] (g) The department or contractor may negotiate the
6 amount of the rebate required from a manufacturer or labeler in
7 accordance with this part.

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

14 [~~(j)~~] (i) The department or contractor shall use their
15 best efforts to obtain the best possible rebate amount.

16 [~~(k)~~] (j) The department may prescribe the application and
17 enrollment procedures for prospective enrollees.

18 [~~(l)~~] (k) The department shall conduct ongoing quality
19 assurance activities similar to those used in the State's
20 medicaid program."

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



1 "[~~f~~]S346-343[+] **Eligibility.** (a) All residents of the
2 State shall be eligible to participate in the state pharmacy
3 assistance program; provided that the applicant:

4 (1) Is a resident of Hawaii;

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

7 (3) Has a household income at or below [~~one hundred~~]
8 _____ per cent of the federal poverty level; and

9 [~~(4)~~] ~~Meets the asset test; and~~

10 ~~(5)~~] (4) Is not a member of a retirement plan who is
11 receiving a benefit from the Medicare Modernization
12 Act.

13 (b) State pharmacy assistance program applicants who are
14 enrolled in any other public assistance program providing
15 pharmaceutical benefits, other than the Medicare Modernization
16 [~~Act,~~] Act and medicaid, shall be ineligible for the state
17 pharmacy assistance program as long as they receive
18 pharmaceutical benefits from that other public assistance
19 program, unless the applicant is eligible for medicare.

20 Residents who qualify for, or are enrolled in, the [~~f~~]Rx plus
21 program[+] shall be eligible for the state pharmacy assistance



1 program; provided that they meet all other state pharmacy
2 assistance program requirements.

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

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

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

18 "[~~f~~]**S346-344**[~~}]~~ **Benefits.** (a) For persons meeting the
19 eligibility requirements in section [~~346-343,~~] 346-343 with
20 household incomes of not more than _____ per cent of the
21 federal poverty level, the state pharmacy assistance program
22 [~~may pay all or some of the co-payments required under the~~



1 ~~federal medicare part D pharmacy benefit program, subject to~~
2 ~~receipt of sufficient rebates pursuant to section 346-342(g), as~~
3 ~~determined by the department.] shall pay:~~

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

8 (2) As to prescriptions covered by the medicare
9 prescription drug benefit:

10 (A) All enrollee costs, including deductibles and co-
11 payments; and

12 (B) The cost of all pharmaceuticals regardless of
13 whether a pharmaceutical is not on the plan's
14 formulary; and

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

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

21 (c) The state pharmacy assistance program shall be funded
22 with state appropriations, including funds derived from revenues



1 to the State from rebates paid by pharmaceutical manufacturers
2 pursuant to section 346-342(g), [~~which may affect the level of~~
3 ~~benefits to program enrollees pursuant to subsection (a)~~
4 ~~depending on the amount of the rebates received by the State to~~
5 ~~cover all program benefits and costs of administering the~~
6 ~~program.] and with savings resulting from medicare prescription
7 drug coverage for the medicaid dual eligible population."~~

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

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

12 [~~(1) Reimbursement payments to participating pharmacies for~~
13 ~~co-payments required under the federal medicare part D~~
14 ~~pharmacy benefit program as provided to state pharmacy~~
15 ~~assistance program participants;]~~

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

17 (2) The costs of administering the state pharmacy
18 assistance program, including salary and benefits of
19 employees, computer costs, and contracted services as
20 provided in section 346-342(d); and



1 (3) Any other purpose deemed necessary by the department
2 for the purpose of operating and administering the
3 state pharmacy [{}assistance[{}] program.

4 All interest on special fund balances shall accrue to the
5 special fund. Upon dissolution of the state pharmacy assistance
6 program special fund, any unencumbered moneys in the fund shall
7 lapse to the general fund."

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

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



Report Title:

State Pharmacy Assistance Program

Description:

Extends income eligibility requirement for state pharmacy assistance program to _____ per cent of the federal poverty level. Removes requirement for DHS to provide enrollment assistance. Requires DHS to pay for drugs not on the plan's formulary. (SD2)

