

JAN 24 2007

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 "full coverage
3 prescription drug benefit".

4 [~~"Full coverage prescription drug benefit" means a~~
5 ~~federally approved prescription drug plan that offers a zero co-~~
6 ~~payment benefit for medicaid dual eligibles under the medicare~~
7 ~~part D drug benefit."~~]

8 SECTION 2. Section 346-342, Hawaii Revised Statutes, is
9 amended by amending subsection (b) to read as follows:

10 "(b) The department [~~may~~] shall provide enrollment
11 assistance to eligible individuals [~~into the state pharmacy~~
12 ~~assistance program. Enrollment for medicaid dual eligible~~
13 ~~persons shall begin no later than October 1, 2005.~~] by:

14 (1) Identifying the medicare prescription drug plans that
15 best meet the needs of the enrollee at the lowest
16 cost, based on the enrollee's medication, pharmacy,
17 and overall costs; and

18 (2) Assisting the enrollee in joining or changing plans."



1 SECTION 3. Section 346-343, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "**§346-343 Eligibility.** (a) All residents of the State
4 shall be eligible to participate in the state pharmacy
5 assistance program; provided that the applicant:

- 6 (1) Is a resident of Hawaii;
- 7 (2) Is sixty-five years or older, or is disabled and
8 receiving a social security benefit;
- 9 (3) Has a household income at or below [~~one~~] two hundred
10 fifty per cent of the federal poverty level;
- 11 (4) Meets the asset test; and
- 12 (5) Is not a member of a retirement plan who is receiving
13 a benefit from the Medicare Modernization Act.

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



1 the state pharmacy assistance program; provided that they meet
2 all other state pharmacy 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 must:

8 (1) Apply for the federal medicare part D pharmacy benefit
9 program;

10 (2) Apply for and accept all subsidies available under the
11 medicare part D pharmacy drug benefit; and

12 (3) Authorize the department on behalf of the applicant,
13 to:

14 (A) Request eligibility, coverage, and formulary
15 exceptions; and

16 (B) Appeal adverse determinations relating to
17 medicare prescription drug plan enrollment,
18 eligibility, subsidy eligibility, subsidy benefit
19 levels, coverage, and formulary exceptions."

20 SECTION 4. Section 346-344, Hawaii Revised Statutes, is
21 amended to read as follows:



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

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 copayments;

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



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

9 (b) For persons meeting the eligibility requirements in
10 section 346-343 with household incomes between one hundred fifty
11 and two hundred fifty per cent of the federal poverty level, the
12 state pharmacy assistance program shall pay a portion of the
13 payment of medicare part D on a sliding scale of between twenty-
14 five per cent and one hundred per cent of the average premium
15 charged by the medicare prescription drug plans available in the
16 state.

17 ~~[(b)]~~ (c) The state pharmacy assistance program is the
18 payor of last resort ~~[subject to the sufficiency of funds in the~~
19 ~~state pharmacy assistance program special fund, as determined by~~
20 ~~the department].~~

21 ~~[(e)]~~ (d) The state pharmacy assistance program shall be
22 funded with state appropriations ~~[, including funds derived from~~



1 ~~revenues to the State from rebates paid by pharmaceutical~~
2 ~~manufacturers pursuant to section 346-342(g),~~ and with savings
3 resulting from medicare prescription drug coverage for the
4 medicaid dual eligible population."

5 SECTION 5. Section 346-345, Hawaii Revised Statutes, is
6 amended by amending subsection (b) to read as follows:

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

9 ~~[(1) Reimbursement payments to participating pharmacies for~~
10 ~~co-payments required under the federal medicare part D~~
11 ~~pharmacy benefit program as provided to state pharmacy~~
12 ~~assistance program participants,]~~

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

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

18 (3) Any other purpose deemed necessary by the department
19 for the purpose of operating and administering the
20 state pharmacy [assistance] program.

21 All interest on special fund balances shall accrue to the
22 special fund. Upon dissolution of the state pharmacy assistance



S.B. NO. 1729

1 program special fund, any unencumbered moneys in the fund shall
2 lapse to the general fund."

3 SECTION 6. Act 264, Session Laws of Hawaii 2006, is
4 amended by amending section 6 to read as follows:

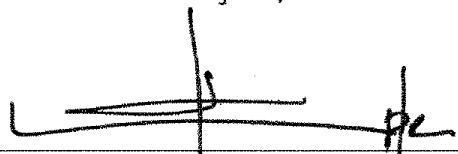
5 "SECTION 6. This Act shall take effect on July 1, 2006;
6 provided that section 3 shall take effect on [~~July 1,~~] June 30,
7 2007."

8 SECTION 7. Statutory material to be repealed is bracketed
9 and stricken. New statutory material is underscored.

10 SECTION 8. This Act shall take effect on July 1, 2007.

11

INTRODUCED BY:


Shianne Chan Oakland



Report Title:

State Pharmacy Assistance Program

Description:

Extends income eligibility requirement to two hundred per cent of the federal poverty level. Requires the department to provide enrollees with counseling about prescription drug plans. Repeals prescription drug rebate funding limitations.

