House
Legislative
Analysis
Section

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SENIORS RX DRUG PROGRAM

House Bill 4040
Sponsor: Rep. Thomas C. Mathieu
Committee: Sr. Citizens and Retirement

Complete to 3-1-91

A SUMMARY OF HOUSE BILL 4040 AS INTRODUCED 1-31-91

The bill would amend the Older Michiganians Act to establish the Older Person's Prescription Drug Coverage Program and to repeal Public Act 281 of 1967, which provided seniors with tax credits for prescription drugs. Under the program, some people 62 years of age and older would be eligible for assistance in purchasing prescription drugs. The program would be administered by the Office of Services to the Aging (OSA), and a special task force would be created to oversee and evaluate the program.

To be eligible for the program, a person could not qualify for Medicaid, and could not have an annual income in excess of $9,000 or, for a couple, $12,000. (These figures would be adjusted annually by OSA based on changes in the urban consumer price index.). A single person could not have assets totaling more than $15,000, and a couple's assets could not exceed $20,000. In both cases the maximum allowable assets would not include a primary residence, an automobile, burial plots, prepaid funeral plan, life insurance policies, and personal possessions and household furnishings. Further, an inpatient or resident in a health care facility or mental health facility licensed or operated by the state would not qualify for the program. People would apply for participation in the program to the Office of Services to the Aging; the form used by OSA would include a statement regarding the applicant's sources of income.

People accepted into the program would have to use all other third-party reimbursements for prescription drugs available to them before applying for program benefits, and would have to pay $5 or 50 percent of the cost toward each prescription, whichever was less. (The co-payment requirement could be adjusted annually.) No limit on the number of prescriptions is specified in the bill, but the number could be revised annually by the director of OSA. The term "prescription" would include insulin, syringes, and needles. It would be a misdemeanor for a health care provider to submit or aid in the submission of a false or fraudulent claim or to make a claim duplicating other benefits. A provider who committed a violation would also have to repay the program in an amount three times the amount of the financial benefit received.

OSA would be required to establish a benefits and coverages panel to ensure the responsible dispensing and control of the distribution of drugs provided under the program. The panel would have to include at least one physician, a biochemist, a registered nurse, and three pharmacists, including at least one clinical pharmacist. The office would also have to establish a dispensing fee for pharmacists, not to exceed the fee paid to participating pharmacists under Medicaid. Its other responsibilities would include determining the eligibility of applicants; entering into contracts with public and private entities for the

processing and payment of claims and for management reporting, including, at a minimum, cost analysis and utilization monitoring; and promulgating rules to implement the program.

The special task force mentioned earlier would have nine members; the director of OSA, who would serve as the chair; the insurance commissioner or a designee; the director of the Department of Public Health or a designee; a representative of the Department of Management and Budget appointed by the department director; two representatives of the Board of Pharmacy, appointed by the director of the Department of Licensing and Regulation; and three representatives of older people, appointed by the OSA director. In addition to overseeing and evaluating the program, the task force would have to report twice a year to the director of OSA on its activities and make recommendations for improvements in the program. The task force would also have to report within two years after the bill's effective date to the appropriate House and Senate committees on the feasibility of continuing the program. The bill would take effect one year after its enactment, and its provisions would no longer apply three years after the bill's effective date

MCL 400.582 et al.