



**House
Legislative
Analysis
Section**

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**ELDER PRESCRIPTION INSURANCE
COVERAGE ACT**

House Bill 5869

Sponsor: Rep. Mary Ann Middaugh

Committee: Appropriations

Complete to 11-8-00

A SUMMARY OF HOUSE BILL 5869 AS INTRODUCED 6-1-00

Public Act 114 of 1999, the fiscal year 1999-2000 appropriations bill for the Department of Community Health, stated that it was the legislature's intent to establish an elder prescription insurance coverage (EPIC) program, though no program has yet been implemented. Public Act 114 specified certain guiding principles for the program, including enhancing access to prescription medications for low income elderly residents of the state and reducing the cost to senior citizens to purchase prescription drugs. Public Act 114 also set several operating parameters; for example, age and income restrictions, the establishment of variable premium rates based on a percentage of household income, and a requirement to develop a mechanism to ensure that expenditures would not exceed available revenue.

Similar language was included in Public Act 296 of 2000, the fiscal year 2000-2001 budget for the department. However, Public Act 296 includes provisions for the continuation of emergency prescription assistance in the EPIC program and that the Michigan Emergency Pharmaceutical Program for Seniors (MEPPS) be continued until the EPIC program becomes fully implemented. Public Act 296 also includes an effective date of January 1, 2001.

House Bill 5869 would create the Elder Prescription Insurance Coverage Act, and thus create a statutory basis for the program. Under the bill, the elder prescription insurance coverage program (EPIC), which would provide prescription drug coverage to eligible seniors, would be created within the Department of Community Health. To be eligible, a person would have to be a Michigan resident who was at least 65 years old, have a household income at or below 200 percent of the federal poverty level, and be ineligible for Medicaid. "Michigan resident" would be defined as a person who resided in a settled or permanent home or domicile within the state with the intention of remaining in the state.

The department would have to do the following:

- Give enrollment priority to a person who, in the 12 months preceding the bill's effective date, had participated in MEPPS or who had received a senior prescription tax credit under Section 273 of the Income Tax Act. (The bill would repeal Section 273 of the Income Tax Act, MCL 206.273.)
- Make emergency assistance available for up to 90 days to eligible persons.
- Work with the Office of Services to the Aging to increase awareness of the EPIC program and assist the elderly in applying for the program.

- Before the EPIC program could be implemented, establish an automated pharmacy claims adjudication and prospective utilization review system.

- Establish a steering committee to assist in determining the coverage appropriate under the bill. Committee members would have to be knowledgeable in areas of pharmacology, geriatrics, development and review of budgetary issues and practice, and policy development.

Further, the department could require a copayment on each prescription and could enter into a contract with an individual or agency to manage the EPIC program. Any contract entered into under the bill would have to be awarded through a competitive bidding process. In addition, the bill would specify that the EPIC program was not an entitlement, and benefits of the program would be limited to the funding levels appropriated annually by the department. The department could also limit the number of elderly persons enrolled in the program to ensure that the program expenditures did not exceed available revenue.

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