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(Excerpt for NHPF)

Part D Wraps, Gaps & Complexities: the State Legislative View

Rev 7/26/06



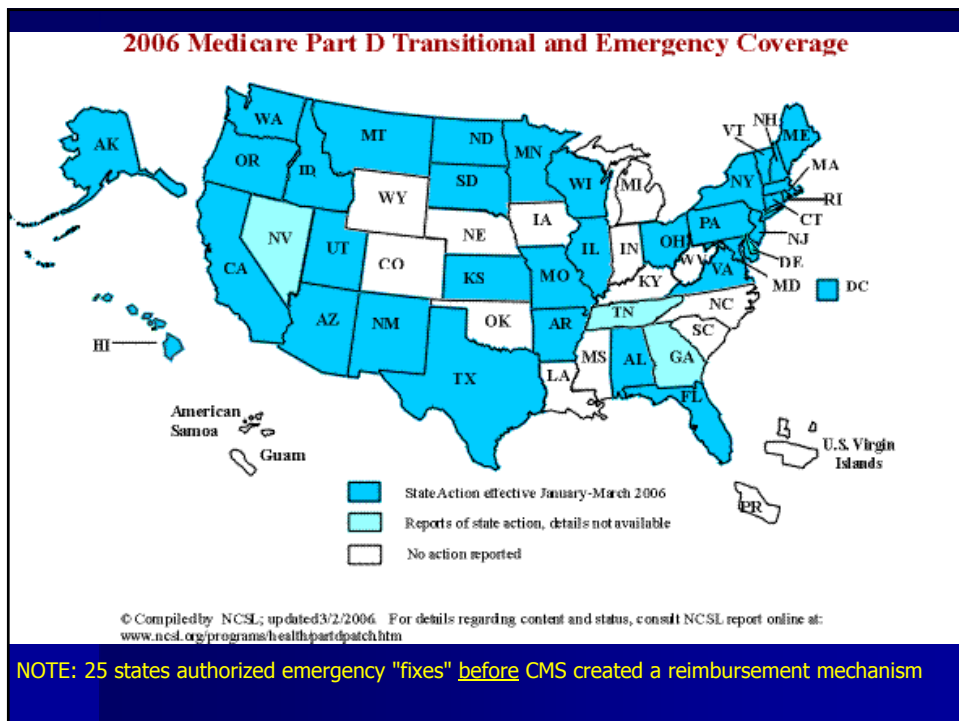
MMA Led to Major Changes in State Rx Laws

- **2006:** 40+ states already made Part D Rx policy changes. 17 states passed laws in 1st 6 months.
 - CA, HI, ID, IA, LA, MD, MA, MN, MO, NH, NJ, NY, PA, RI, SC, VT, WA

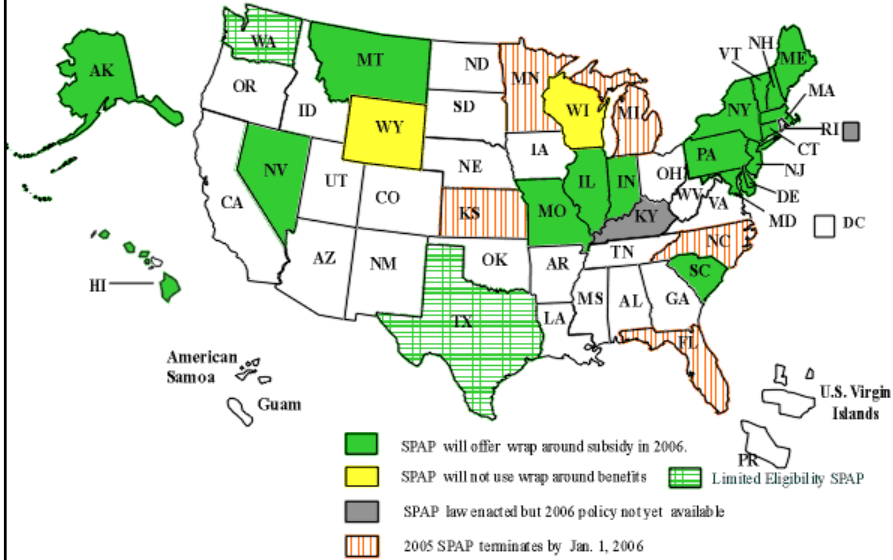
- **2005:** 45 states considered 130+ bills
 - **31 states passed laws** as of late December
 - AK, AZ, AR, CA, CO, CT, DE, FL, HI, IL, IN, KY, LA, ME, MD, MA, MN, MS, MO, MT, NV, NH, NJ, NM, NY, ND, OK, OR, SC, VT, VA, WA

Emergency Part D laws: "most states to the rescue"

- A predictable problem - legislative solutions passed ND, CT, MA in '05 .
- Quick, nimble solutions by 25 states *before* HHS announced reimbursement solution on Jan. 24. Eventually 40 states.
- CMS waiver solution valid only to Feb. 15.
- CA, IL, NY, WA enacted year-long solutions = not just a transitional issue?

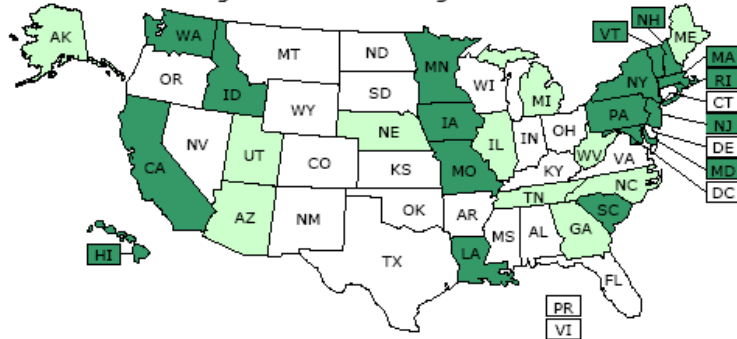


States with Laws or Programs to Wrap Around or Coordinate SPAP and Medicare Part D Benefits



© Compiled by NCSL; updated 1/30/06. Includes new programs in AK, HI, KY, MT & NH not operational until 1/06 or later. For details regarding content and status, consult NCSL reports online at: www.ncsl.org/programs/health/SPAPCoordination.htm

2006 State Legislation Coordinating with Medicare Part D



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2005-06 Law Examples

- **"Wrap around" benefits**, allowing existing '05 state pharmaceutical assistance programs (SPAPs) to fund or facilitate costs not covered by MMA. (CT, DE, IL, IN, ME, MD, MA, MO, NV, NJ, NY, PA, SC, VT) = 14 states
- Create **new subsidy** programs to wrap around or supplement Part D. (AK, HI, KY, MT, NH) = 5 states
- **Eligibility expansions** & new state Rx programs, in part to serve non-Medicare populations under age 65. (AR, IL, MD, MT, NM, OK) = 6+ states

Illinois established "No Senior or Disabled Left Behind"

- Rx coverage wraps around benefits with Medicare; paying premiums, deductibles + gap coverage.
- Up to \$3,000+ state share /yr.
- Extends Discount Program to cover all residents with incomes up to 300% FPL.*
- 241,000 eligible in '06.



*FPL = Federal Poverty Level. \$9800 in 2006.

Pennsylvania "PACE Plus Medicare"

- New law (July '06) emphasizes state role in wrap around.
 - PACE authorized to enroll beneficiaries into Part D plans & apply for subsidies.
 - Will pay for Rx not covered by Part D.
 - Part D enrollment "strongly encouraged" but not required; people can "opt out."
 - \$170 million saved will go to expansion; PACE hopes for 120,000 additional enrollees.

- interview with Tom Snedden, PACE Director, 7/2006

Alaska



- Newly created, solely as wrap around. (Signed August '05)
- Age 65+; income up to 175% FPL. (In AK = \$21,437/yr for '06)
- Covers premiums and annual deductible, about \$670 /yr.
- 7,112 in cash program; only 122 in "SPAP" (7/06)

Nevada



- State \$ wrap around instead of insurance.
- Will cover premiums and coverage gap over \$2250 (not co-pays or deductibles).
- Age 62-64 covered with state-only \$
- 9,500 enrolled so far.

Some 2006-07 Issues

- Further changes in SPAP coverage.
- State regulation of PDPs? (CA, CT, MN laws)
- State coverage of "Part D Excluded Drugs" or non-plan Rx.
 - 9 categories not required by federal Medicaid (anorexia, fertility, cough & cold, etc.)
 - Off-label uses, Clinical trial Rx
- Continued discussion of "preferred plans," endorsed plans, co-branding.
- Impact on state Preferred Drug Lists.