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SENATE BILL 767

45TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2001

INTRODUCED BY

Manny M. Aragon

AN ACT

RELATING TO PRESCRIPTION DRUGS; PROVIDING A PRESCRIPTION DRUG PROGRAM TO ASSIST PERSONS WITHOUT PRESCRIPTION DRUG COVERAGE; CREATING A BOARD; CREATING A FUND.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. SHORT TITLE.--This act may be cited as the "Prescription Program Act".

Section 2. DEFINITIONS.--As used in the Prescription Program Act:

- A. "board" means the prescription program board;
- B. "department" means the department of health;
- C. "subsidy grant" means an amount payable to a

prescription benefits manager on behalf of an eligible participant or senior citizen for participation in the program;

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1           D. "participant" means a person who is determined  
2 by the department to be eligible to participate in the  
3 program;

4           E. "program" means a plan that provides coverage  
5 and benefits to a variety of prescription medications for  
6 certain residents and senior citizens of the state pursuant to  
7 the Prescription Program Act; and

8           F. "prescription benefits manager" means an entity  
9 that provides pharmaceutical services integrating both the  
10 financing and delivery of pharmaceuticals to provide or  
11 increase access to pharmaceuticals and to obtain  
12 pharmaceuticals at the most favorable and competitive  
13 discounted prices available and to increase access to  
14 pharmaceuticals.

15           Section 3. PRESCRIPTION MEDICATION PURCHASING PROGRAM -  
16 CONTRACTS-- ELIGIBILITY-- PROGRAM GOALS-- PROGRAM TERMINATION--  
17 DEFINITION. --

18           A. The department shall establish a voluntary,  
19 statewide program to provide access to a variety of  
20 prescription medications at the lowest possible rate for  
21 certain residents and senior citizens of the state.

22           B. The department shall contract with at least two  
23 prescription benefits managers for the program. The  
24 department may contract with only one prescription benefits  
25 manager if only one prescription benefits manager responds to

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1 the request for proposal.

2 C. The contracted prescription benefits manager  
3 may allow participants to purchase their prescription  
4 medication by mail or through a pharmacy network.

5 D. The department shall develop a formulary in  
6 consultation with a coalition of consumers, consumer advocacy  
7 groups and the prescription benefits managers.

8 E. The department may adjust the requirements and  
9 terms of the program to ensure compliance with a new or  
10 existing federal prescription drug program.

11 Section 4. ELIGIBILITY. --

12 A. A resident of the state is an eligible  
13 participant in the prescription program if he:

14 (1) does not have prescription drug coverage  
15 under a private or public health insurance plan or program;  
16 and

17 (2) has been domiciled in the state for at  
18 least one year prior to the date of application.

19 B. A senior citizen is an eligible participant in  
20 the program and may qualify for a subsidy grant if he:

21 (1) is at least sixty years of age at the  
22 time of application for the program;

23 (2) is ineligible for medicaid; and

24 (3) has been domiciled in the state for at  
25 least one year prior to the date of the application.

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1 C. The department shall undertake outreach efforts  
2 to build public awareness of the program and maximize  
3 enrollment for eligible residents and senior citizens.

4 Section 5. SUBSIDY GRANT. --

5 A. The department shall pay a subsidy grant out of  
6 the prescription program fund for certain senior citizens to  
7 assist them with the cost of the program premium. The payment  
8 shall be made directly to the prescription benefits manager  
9 with whom the department has entered into a contract.

10 B. The amount of the subsidy grant for which a  
11 senior citizen may be eligible shall be determined according  
12 to the following schedules and available money in the fund:

13 (1) if the annual household income is less  
14 than twelve thousand seven hundred dollars (\$12,700), ninety  
15 percent of the program premium is payable as a subsidy grant;

16 (2) if the annual household income is greater  
17 than or equal to twelve thousand seven hundred dollars  
18 (\$12,700) and less than fourteen thousand eight hundred  
19 dollars (\$14,800), eighty percent of the program premium is  
20 payable as a subsidy grant;

21 (3) if the annual household income is greater  
22 than or equal to fourteen thousand eight hundred dollars  
23 (\$14,800) and less than seventeen thousand dollars (\$17,000),  
24 fifty percent of the program premium is payable as a subsidy  
25 grant;

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1 (4) if the annual household income is greater  
2 than or equal to seventeen thousand dollars (\$17,000) and less  
3 than nineteen thousand one hundred dollars (\$19,100), twenty-  
4 five percent of the program premium is payable as a subsidy  
5 grant;

6 (5) if the annual household income is greater  
7 than or equal to nineteen thousand one hundred dollars  
8 (\$19,100) and less than twenty-one thousand five hundred  
9 dollars (\$21,500), ten percent of the program premium is  
10 payable as a subsidy grant; and

11 (6) if the annual household income is greater  
12 than or equal to twenty-one thousand five hundred dollars  
13 (\$21,500), no part of the program premium is payable as a  
14 subsidy grant.

15 Section 6. ADMINISTRATION. --

16 A. The department is responsible for the  
17 administration of the program.

18 B. A resident of the state who wishes to become a  
19 program participant shall submit an application to the  
20 department. The department shall examine the application and  
21 shall either grant or deny it within thirty days of receipt.  
22 If the application is granted, the department shall assess the  
23 program premium established by the department to the  
24 participant.

25 C. An eligible senior citizen who wishes to

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1 receive a subsidy grant shall submit an application to the  
2 department. The department shall examine the application and  
3 shall either grant or deny it within thirty days of receipt.  
4 If the application is granted, the department shall determine  
5 the amount of the subsidy grant for which the senior citizen  
6 is eligible.

7 Section 7. PRESCRIPTION PROGRAM BOARD-- DUTIES. --

8 A. The "prescription program board" is created.

9 B. The board shall consist of seven members who  
10 shall be appointed by the governor. Each member shall serve a  
11 term of four years; except that, initially, three members  
12 shall serve terms of two years and two members shall serve  
13 terms of three years. No more than three members may be  
14 employed by the private insurance or prescription benefits  
15 management industry.

16 C. Members of the board shall be paid per diem and  
17 mileage in accordance with the provisions of the Per Diem and  
18 Mileage Act.

19 D. The board shall:

20 (1) meet at the discretion of the chairman  
21 but not less than four times per year;

22 (2) develop policies and procedures for the  
23 expenditure of the interest and income earned on the money in  
24 the prescription program fund;

25 (3) develop policies and procedures and

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1 oversee the department's administration of the program; and  
2 (4) provide to the legislative health and  
3 human services committee and the legislative finance committee  
4 by October 1 of each year a report on the program's operations  
5 and expenditures during the previous fiscal year.

6 Section 8. PRESCRIPTION PROGRAM FUND. --

7 A. The "prescription program fund" is created.

8 B. The prescription program fund shall be credited  
9 with money received from private sources specifically  
10 designated for the fund and money received through federal  
11 grants or support. The fund is subject to appropriation by  
12 the legislature.

13 C. Money deposited in the prescription program  
14 fund and all interest earned on money in the fund shall remain  
15 in the fund to administer the program. No more than ninety-  
16 five percent of the money in the fund appropriated per fiscal  
17 year may be expended. No more than ten percent of the money  
18 in the fund may be used for administrative expenses or other  
19 indirect costs. Any unexpended or unencumbered balance  
20 remaining in the fund at the end of a fiscal year shall not  
21 revert to the general fund.