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## FISCAL IMPACT REPORT

SPONSOR: Picraux DATE TYPED: 02/24/03 HB 513/aHCPAC

SHORT TITLE: Senior Prescription Drug Program Efficiency SB \_\_\_\_\_

ANALYST: Geisler

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
		.01 See Narrative	.01 See Narrative		

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

Retiree Health Care Authority (RHCA)

### SUMMARY

#### Synopsis of HCPAC Amendments

The House Consumer & Public Affairs amendments require that the RHCA board of directors include one classified state employee member selected by the Personnel Board, rather than by election the amendment also adds an emergency clause to the bill.

Elimination of the requirement to hold an election every four years to select the state employee board member will save approximately \$40.0 per election. The RHCA supports this change but is concerned that it may require the replacement of the current state employee board member before expiration of their term in June 2004.

The emergency clause will provide immediate relief from the responsibility of collecting senior prescription drug program enrollment fees and administering an additional eligibility criterion. This will encourage more people to apply to the program and free up more staff time.

#### Synopsis of Original Bill

HB 513 amends portions of the Senior Prescription Drug program (SPDP) legislation (Section

10-7C-17) to eliminate the eligibility requirement that applicants have no other prescription drug benefit; modify the authorization for annual fees from “shall collect” to “may assess”; change the name of annual fees from “enrollment fees” to “administrative fees”; and modify the requirement that participants present issued membership cards to pharmacies to simply allow for pharmacy use of membership ID.

### **FISCAL IMPLICATIONS**

Under current law, RHCA is required to collect an “enrollment fee” of up to \$60.00 per year. This bill proposes a change to allow an annual “administrative fee” with the same limitation. More people are likely to benefit from this program if it can be administered without enrollment/administrative fees.

RHCA the pursue an arrangement with the prescription benefit administrator where the SPDP fund will receive \$2.00 for each mail order prescription filled. That \$2.00 is projected to provide sufficient funding to administer the program after start-up.

For start-up costs, the State Agency on Aging has agreed to donate \$30.0 of goods and services through a joint powers agreement. DFA has authorized the RHCA to utilize existing personnel, with those personal services values to be repaid to the authority fund once the SPDP has amassed sufficient funds to do so. If future costs exceed available resources, the amendment would allow RHCA to impose annual fees on participants.

### **OTHER SUBSTANTIVE ISSUES**

Technical impact of fee terminology amendment: If fees are collected annually as required under current law, then technically they are not “enrollment fees” since enrollment takes place only once. “Administrative fees” is a more appropriate terminology.

Practical impact of requiring or not requiring participants to present ID cards: Under current law, RHCA “shall . . . require the [membership cards] to be presented to pharmacies for each transaction.” It is not possible to police whether or not members elect to use the program for each transaction. It is more realistic to require RHCA to “enroll and provide participants with electronic or other form of membership identification for use by pharmacies for each transaction,” as proposed in the bill.

GG/njw:sb