

Synopsis of Original Bill

Senate Bill 391 appropriates \$150,000 from the state general fund for expenditure in fiscal years 2003 and 2004 to the Human Services Department (HSD) to establish a Medicaid Waiver program that would provide prescription drugs to seniors whose incomes are less than one hundred eight-five percent of the federal poverty level (FPL) and who are over the age of sixty-five or who have been determined to be disabled under the criteria established under the federal Social Security Administration's disability determination rules. SB 391 also provides for cost-sharing provisions, to the extent practicable, so as to minimize state general fund expenditures. SB 391 contains an emergency clause.

Significant Issues

The Center for Medicare and Medicaid Services (CMS) has a model state demonstration template, "Pharmacy Plus," which allows states, through an 1115 Demonstration waiver, to expand Medicaid coverage prescription drugs to Medicare beneficiaries and other individuals with incomes up to 200% FPL. Individuals covered must not otherwise be eligible for the full Medicaid package. The population addressed by the bill would appear to be eligible for inclusion in such a waiver. However, HSD may not need to apply for a waiver and may not use the specific type of waiver requested in the bill. An amendment to delete the waiver language could be used to resolve this issue.

FISCAL IMPLICATIONS

The appropriation of \$150.0 contained in this bill is a non-recurring expense to the General Fund. Any unexpended or unencumbered balance remaining at the end of Fiscal Year 2004 shall revert to the General Fund.

HSD states the bill instructs the department to use cost-sharing to minimize state general fund expenditures. The age 65 and over New Mexico population at or below 185% of poverty has been estimated at 75,000 individuals. Assuming 20% of this population has no prescription drug coverage and would enroll in this waiver program, it would cover 15,000 individuals. Approximately another 6,000 individuals might be eligible under the DD Waiver and D&E Waiver criteria for this bill, bringing the estimated total enrollment to 21,000.

Based on existing blended utilization data for these populations, an average of five prescriptions monthly at a cost of \$40 each would be expected, or \$50.4 million annually. Under Medicaid federal participation rates, the state's share of this amount would be slightly more than \$12.7 million. If a \$5 co-pay were utilized the state share drops to \$11.0 million. In the absence of a "crowd out" feature from private insurance, there is no reason all of the eligible individuals would not use prescriptions through the program with resultant higher costs.

MW/prr:yr