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FISCAL IMPACT REPORT

SPONSOR Ponce DATE TYPED 2/4/04 HB 374

SHORT TITLE Roswell Senior Citizen Pharmacy Program SB _____

ANALYST Dunbar

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY04	FY05	FY04	FY05		
	\$500.0			Recurring	General Fund

Relates to SB 278, which would appropriate \$1,200,000 from the general fund to the Department of Health to support the availability of pharmacy services in primary care clinics in rural and medically underserved areas.

SOURCES OF INFORMATION

LFC Files

Responses Received From

Aging & Long Term Care Dept (ALTCD)
 Department of Health (DOH)
 Health Policy Commission (HPC)

SUMMARY

Synopsis of Bill

House Bill 374 appropriates \$500,000 to the Department of Health from the General Fund for expenditure in fiscal year 2005 to fund a pharmacy program in Roswell for indigent senior citizens of Chaves County.

Significant Issues

The Chaves County Health Council and local government entities have identified the lack of ability to pay for prescriptions as a significant issue. Chaves County has a significant low-income and under/un-insured population. The county median income for citizens of Chaves County is 11.4% below the state average. Some of these individuals could be helped through state programs by allowing the Department of Health to fund a pharmacy program for the indigent senior citizens of Chaves County.

FISCAL IMPLICATIONS

The appropriation of \$500.0 contained in this bill is a recurring expense to the General Fund. Any unexpended or unencumbered balance remaining at the end of FY 05 shall revert to the General Fund.

RELATIONSHIP

According to ALTCDC, the Governor has requested a special one-time appropriation of \$500,000 to the ALTCDC for a prescription drug emergency assistance program for low-income seniors.

TECHNICAL ISSUES

The term indigent is not defined in the bill. Without defining the population eligible for service, the program will be difficult to administer. Other important eligibility criteria should be considered in the bill, such as whether or not the individual has other pharmacy benefits such as Medicaid, a Medigap policy, or Medicare discount card (available mid-2004).

Funding for the program may be placed in the Aging and Long-Term Care Department, which has an existing pharmacy outreach and education program and which operates the Med-bank program to assist low-income persons to access free or low-cost prescription drugs. The ALTCDC would not need to hire additional staff to administer such a program.

OTHER SUBSTANTIVE ISSUES

Prescription drug costs are increasing dramatically and the monthly cost for senior citizens prescription drugs averages four hundred fifty dollars (\$450). Most senior citizens are on a fixed income and are unable to afford prescription drugs; some go without food and other essentials in order to buy prescription drugs. Other seniors will attempt to further their prescription medication by taking either half-doses or increasing the length of time between prescribed doses.

Medicare will provide a discount program in mid-2004 and full benefit program in 2006. The average number of prescriptions per month needed by seniors is 4-5, at an average annual out-of-pocket cost of more than \$1,600.

According to statistics provided by UNM Bureau of Business and Economic Research –

- 17% of Chaves County residents are 65 years or older. (2002 Estimates)
- 22.4% of the overall Chavez County population are below poverty; 15% are persons 65 years and older. (1990 Census)

37% of hospital discharges in Chaves County are covered by Medicare, 29% by Medicaid and 9% are uninsured. These percentages are higher than the statewide percentages of 32% Medi-care coverage, 22% Medicaid, and 8% uninsured. (HPC Annual HIDD Report 2001)

AMENDMENTS

Consider appropriating to Aging & Long-Term Care Dept, rather than DOH, and expand to state-

wide, rather than limiting to Chaves Co.

POSSIBLE QUESTIONS

How would DOH administer this bill?

BD/dm