



## HOUSE COMMITTEE ON APPROPRIATIONS

# FISCAL NOTE

HOUSE BILL NO. 270

PRINTERS NO. 4210

PRIME SPONSOR: Farry

### COST / (SAVINGS)

FUND	FY 2018/19	FY 2019/20
Lottery Fund	See Fiscal Impact	See Fiscal Impact

**SUMMARY:** House Bill 270, Printer's Number 4210 amends the State Lottery Law (Act 91 of 1971) to increase the Pharmaceutical Assistance Contract for the Elderly Needs Enhancement Tier (PACENET) income eligibility limits; provide for medication synchronization; and make changes to the Pharmaceutical Assistance Review Board. This legislation is effective immediately.

**ANALYSIS:** HB 270 increases the PACENET income eligibility limits from \$23,500 to \$27,500 for individuals and from \$31,500 to \$35,500 for married couples.

This legislation provides for medication synchronization in the PACE/PACENET Program that will permit a pharmacy to fill less than a 30 days' supply for the purpose of aligning an enrollee's prescriptions to be refilled on the same day each month, if the pharmacist or prescriber determine if the partial refill is in the best interest of the enrollee and the enrollee requests or agrees to less than a 30 days' supply for the purpose of synchronization. The enrollee will pay a pro-rated cost-sharing fee and the pharmacist will receive the full dispensing fee for each partial maintenance medication refill. The fill or refill under medication synchronization is limited to three times per year for each maintenance medication with exceptions allowed at the discretion of the program. Medication synchronization is not allowed for prescription drugs in unit-of-use packaging or Schedule II controlled substances classified under The Controlled Substance, Drug, Device and Cosmetic Act.

HB 270 also allows the PACE/PACENET Program to pay the portion of the Medicare Part D late enrollment penalty (LEP) that exceeds the regional benchmark premium for enrollees. The LEP is assessed on individuals who did not obtain creditable coverage when first eligible for Medicare Part D or who had a break in creditable coverage of at least 63 consecutive days.

The Pharmaceutical Assistance Review Board is renamed the Pharmaceutical Assistance Advisory Board and membership increases from eight to twelve members as follows:

- Three additional practicing pharmacists (total of four) appointed by leadership in the General Assembly;
- Two additional senior citizens/advocates (total of four) appointed by the Governor;

- Retains the pharmaceutical industry representative and eliminates the physician appointments by the Governor;
- Other members include the Secretaries of Aging, Health and Revenue.

The Pharmaceutical Assistance Advisory Board shall additionally advise on the following:

- Development and implementation of medication synchronization and medication therapy management programs and reimbursement methodologies;
- Adjustment of the dispensing fee, as needed;
- Cost-of-living adjustment increases for medication synchronization, medication therapy management and the dispensing fee.

PACE in consultation with the Advisory Board must submit a proposal for medication therapy management to the General Assembly no later than six months after the bill's effective date.

**FISCAL IMPACT:** The Department of Aging (PDA) estimates that an additional 14,500 individuals will be eligible for PACENET due to the income eligibility expansion with 25% (3,625 individuals) enrolling in FY 2018-19 at an estimated cost of \$925,000, increasing to 60% (8,700 individuals) in FY 2019-20 at an estimated cost of \$4,470,000.

PDA estimates minimal costs for medication synchronization of \$200,000 in FY 2018-19 and \$373,000 in FY 2019-20 using projections that less than 1% of total prescription claims will require payment of an additional dispensing fee.

Allowing the PACE/PACENET Program to pay the LEP for impacted enrollees should increase participation in Medicare Part D resulting in overall savings to the Program. PDA projects that 40% of current PACE/PACENET participants that are not enrolled in Medicare Part D may enroll due to not having to pay the LEP and there could be net savings of \$3,300,000 in FY 2018-19 and \$6,900,000 in FY 2019-20.

Any increased costs related to changes in the Pharmaceutical Assistance Advisory Board can be absorbed within existing PDA funding.

**PREPARED BY:** Ann Bertolino  
House Appropriations Committee (R)

**DATE:** October 11, 2018

*Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*