

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

BILL NO. House Bill 270

PRINTER NO. 4245

AMOUNT

See Fiscal Impact

FUND

Lottery Fund

DATE INTRODUCED

March 16, 2017

PRIME SPONSOR

Representative Farry

DESCRIPTION AND PURPOSE OF BILL

House Bill 270 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.

The bill expands the income eligibility limits of the PACENET program from \$23,500 to \$27,500 for single individuals and from \$31,500 to \$35,500 for married couples.

The bill makes adjustments to the Pharmaceutical Assistance Review Board (PARB):

- Changes the PARB to an “advisory” board; and
- Changes the membership from eight to 12 members.

The board is charged with the development and proposal of medical synchronization and medication therapy management programs. A proposal must be submitted to the General Assembly no later than six months after the bill’s effective date.

The bill 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 determines 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.

The bill 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.

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This act shall take effect in immediately.

FISCAL IMPACT:

House Bill 270 is estimated to save \$2.6 million in Fiscal Year 2018-19, \$2.3 million in FY 2019-20 and to cost \$950,000 when fully implemented in FY 2020-21.

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% (3,617 individuals) enrolling in FY 2018-19 at an estimated cost of \$1.0 million, increasing to 60% (8,680 individuals) in FY 2019-20 at an estimated cost of \$5.3 million and increasing to 100% (14,466 individuals) in FY 2020-21 at an estimated cost of \$8.8 million.

PDA estimates minimal costs for medication synchronization of \$200,000 in FY 2018-19, \$373,000 in FY 2019-20 and \$345,000 in FY 2020-21 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, resulting in net savings of \$3.9 million in FY 2018-19, \$8.0 in FY 2019-20 and \$8.2 in FY 2020-21.

	FY 18-19	FY 19-20	FY 20-21
Income Eligibility	\$ 1,083,988	\$ 5,250,554	\$ 8,830,837
Medication Synchronization	200,000	373,000	345,000
LEP	(3,856,121)	(7,958,221)	(8,224,720)
Total Cost / (Savings)	\$ (2,572,133)	\$ (2,334,667)	\$ 951,117