

Talking Points for 2nd Reading Debate on SB 324

Eligibility questions

The bill has three components with different eligibility:

- **Rx Access-** helps Medicare eligible seniors and disabled up to 200% FPL pay the premium for Medicare Part D Rx benefit. (Consumers will still pay deductible, copays and the donut hole.) DPHHS will set the income eligibility up to 200% FPL depending on available funds and enrollment rate. They will NOT start at 200%, but more likely much lower. The federal government provides low income assistance up to 135% FPL. This program is trying to help seniors and disabled persons afford medications and prevent more costly health care problems.

Why should MT help these people with incomes up to 200% FPL? Without a prescription drug benefit, these people could easily spend down their assets and end up on Medicaid. Medicare eligibles between 150% and 200% FPL spend an average of \$3,300 year on prescription drugs (using CMS data). That's a substantial part of their income.

- **Why does Rx Plus Discount program go to 250% FPL?** This program provides discounts on the purchase of medicine (see pink fact sheet) through rebates from drug companies. The ME and HI Rx Plus programs go to 350% FPL to capture as many uninsured people as possible. This program does not cost the state anything after it gets going and it is most successful with as many people involved as possible. The state negotiates rebates from pharmaceutical companies based on a number of factors including the potential universe of uninsured people who could use the program.

From the 2003 State Planning Grant health insurance survey of Montanans (conducted by Steve Seninger, UM Bureau of Business and Economic Research) the uninsured rate by household income is as follows:

<u>FPL</u>	<u>% uninsured</u>
<100%	43%
101-125%	34%
125% - 150%	48%
151% - 200%	35%
Over 200%	13%
Total pop.	19%

We know that the uninsured do not have Rx coverage. In addition, many people with coverage, especially catastrophic coverage with high deductibles, have no drug benefits.

(over)

- Will the Rx Plus Discount program cause people to drop insurance coverage for prescriptions drugs or even discourage them from getting the coverage if they can afford it?

No. The discounts will be 15% to 40% leaving the consumer to pay for most (85% to 60%) of the cost of the drugs. Insurance coverage is a better deal for two reasons: the out of pocket is less and it is insurance for times when a patient needs many, very expensive drugs. There is much more incentive to keep insurance coverage or get it if you can afford it.

- What about people who have high deductible (\$5,000 or more) plans? Can they benefit from the discount program?
Many high deductible plans have no prescription drug coverage, so people with these plans could benefit from the Rx Plus program. Those with prescription drug coverage would not benefit as the bill is written. We could study this issue and address it next session.
- **The PharmAssist program and educational information will benefit all Montanans.**

Is the tobacco tax revenue coming in as projected? Yes, say Budget Director David Ewer in a memo dated March 31, 2005. "We believe the cigarette and other tobacco revenue being generated is coming in at the level we anticipated." In addition, amendments added in House Human Services assures that there will be a stability account of funds to help maintain the program and allow the budget director to cut the appropriation if revenue is not coming in as projected.