



EXHIBIT 34  
DATE 3-5-07  
HB 808

March 4, 2007

TO: Members of House Appropriations

FROM: Claudia Clifford, Associate State Director Advocacy, AARP Montana

RE: HB 808

Members of the House Appropriations Committee, my name is Claudia Clifford, associate state director of AARP Montana, a non-partisan, non-profit organization with 153,000 members in this state. In the short time we have had to look at HB 808, it appears to be a bad deal for Montana seniors. Moreover, we respect the many weeks of public process that has gone into HB 2 and recommend that your committee return to that process.

One issue we have with HB 808 is that it funds \$7.9 million of services with I-149 special revenue funds, which in HB 2 are more appropriately funded with general fund dollars. Of the \$7.9 million dollars, \$5.58 million are for Senior and Long-term Care services which have traditionally been funded by general fund. One reason, HB 808 can propose this shift to I-149 funds is because of severe cuts to the Big Sky Rx program which is currently funded by I-149. A cut to an important prescription drug program for seniors to fund other senior programs is not a good deal for our elder Montanans.

Let me also make a case for adequate I-149 funding for Big Sky Rx, a program that pays the premium for Medicare Part D drug coverage for eligible Montanans up to 200% of FPL. We know from 2007 surveys that 83% of our members rank affordable prescription drugs as their #1 legislative priority and that 7 out of 10 members are concerned about being able to pay for their medicines. Big Sky Rx is new program, authorized last session in SB 324, and has the potential to help over 20,000 seniors afford their prescriptions. Big Sky Rx started up in the mass confusion of all of Medicare Part D and had some trouble getting out information on the program. Still we have nearly 4,000 Montanans benefiting from Big Sky Rx today.

In the next few months, the federal government will provide a list of 10,900 Montanans who applied for federal Part D assistance, but were rejected. These Montanans want to benefit from Part D and are very likely to qualify for Big Sky Rx, giving them access to

prescription drug coverage. The budget proposal in HB 808 for Big Sky Rx is not adequate to cover the potential Montanans who want this assistance and are likely to enroll. DPHHS has done an estimate of a budget to cover current enrollees and 60% of the Montanans who were rejected for federal assistance and qualify for Big Sky Rx. I believe that a 60% take up rate from this forthcoming list is a conservative projection, and budgeting to cover these seniors should be a baseline minimum. The appropriation for Big Sky Rx needs to be increased as follows:

	<u>FY 08</u>	<u>FY09</u>
* Budget projection based on 60% take up	\$5,639,881	\$7,148,309
* Approp. In HB 808 for Big Sky Rx:	<u>\$4,130,797</u>	<u>\$5,356,507</u>
* Minimum shortfall	\$1,509,084	\$1,791,802

We encourage this committee and the department to allocate sufficient resources to reach out to the nearly 11,000 Montana seniors who wanted assistance so they could enroll in Part D Rx coverage but did not qualify for federal help. These folks could greatly benefit from Big Sky Rx, but it will take significant outreach efforts in many communities throughout the state.

In addition, we encourage the legislature to increase funding for aging services, even above the level proposed in HB 2. Montana is one of the fastest aging states in the nation and the state support of aging services is woefully inadequate. These services focus on helping our elders stay in their homes and communities.

Finally, we value the opportunity for public input on these important budget considerations. We started giving comments to DPHHS in December of 2005 for the construction of HB 2. We highly respect the work of the appropriations sub-committees and value the weeks of public testimony that has been provided by people from all over this state. The public process of HB 2 should not be discarded by political maneuvers. The public has not has enough time to adequately analyze and comment on HB 808. We recommend that this committee return to your work on HB 2.

Department of Public Health and Human Services  
 Changes from Subcommittee Action to Sponsor's Bill

T-149  
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Not Included in the Sponsor's Bill

	General Fund	State Special	Federal Fund	Total Funds
<b>Human and Community Services</b>				
PL 20016 Child Care FPI, Market Rate, Caseload Inc	-4,169,650			-4,169,650
PL 6010 Non-statutory Statewide Personal Service Adjustment	550,456			550,456
NP 20011 Ombudsman - Warm Hearts/Homes - (Restricted/OTO)	-600,000			-600,000
NP 20022 Individual Development Account (IDA) Biennial Appr	-400,000			-400,000
NP 20908 Low Income Energy Assist Prgm (Biennial)	-1,000,000			-1,000,000
Division Total	-5,619,194		0	-5,619,194
<b>Public Health and Safety Division</b>				
NP 70007 HIV Treatment Funding Request	-300,000			-300,000
Division Total	-300,000		0	-300,000
<b>Quality Assurance Division</b>				
PL 80012 Correction of Funding for Division Administration	-70,000	70,000	0	0
Division Total	-70,000	70,000	0	0
<b>Disability Services Division</b>				
PL 10008 VR Tuition Increases	-100,596		-371,683	-472,279
NP 10009 Montana Youth Leadership Forum (MYLF)	-100,000			-100,000
NP 10026 VR Transition Counselor	-107,167			-107,167
NP 10601 Direct Care Worker Wage Restricted	-1,490,212	1,490,212		0
Division Total	-1,797,975	1,490,212	-371,683	-679,446
<b>Health Resources Division</b>				
NP 11038 Family Planning Waiver Implementation - OTO	-695,966		-5,485,965	-6,181,931
NP 11501 Provider Rate Increase	-1,644,947			-1,644,947
NP 11601 Direct Care Worker Wage Restricted	-637,086			-637,086
NP 11607 Revise Medically Needy Income Level	-1,500,000			-1,500,000
NP 11608 Equalize Campus Based Rates - Restricted	-105,000			-105,000
NP 11609 Physician Rate Increase Restricted	-700,000			-700,000
Division Total	-5,282,999		0	-5,485,965
<b>Senior and Long-term Care Division</b>				
NP 22119 Waiver Expansion	-1,688,508	1,688,508		0
NP 22501 Provider Rate Increase	-1,577,530	1,577,530		0
NP 22601 Direct Care Worker Wage Restricted	-2,307,741	2,307,741		0
NP 22902 Healthcare for Healthcare Workers	-2,945,125			-2,945,125
Division Total	-8,518,904	5,573,779	0	-2,945,125
<b>Addictive and Mental Disorders Division</b>				
NP 33203 Meth & CD Regional Services Expansion	-4,000,000			-4,000,000
NP 33407 Fund 72 hr Community Crisis Support	-3,721,579		-343,961	-4,065,540
NP 33506 Secure Treatment & Examination Program (STEP)	-4,085,056			-4,085,056
NP 33701 Provider Rate Increase	-351,976	351,976		0
NP 33801 Direct Care Worker Wage Restricted	-450,645	450,645		0
NP 33802 Behavioral Inpatient Health Facility	-3,000,000			-3,000,000
Division Total	-15,609,256	802,621	-343,961	-15,150,596
<b>Total Funds Not in Sponsor's Bill</b>	<b>-37,198,328</b>	<b>7,936,612</b>	<b>-6,201,609</b>	<b>-35,463,325</b>

	2006 Base	FY 2008	FY 2008 Request	FY 2009 Request	FY 2009 Request
61000	233,497	401,705	401,705	403,240	403,240
62000	491,210	496,342	496,342	497,665	497,665
67000	206,364	206,364	206,364	206,364	206,364
<b>Total</b>	<b>931,071</b>	<b>1,104,411</b>	<b>4,130,797</b>	<b>1,107,269</b>	<b>1,107,269</b>

Personal service 9.00 FTE  
 These are funded with SSR and this amount reflects vacancy savings.  
 Operating :  
 Only concern is computer development costs for Phase II implementation of Big Sky Rx and Media outreach

	FY 2008 Request	Add'l Items	Total FY 2008 Need	FY 2009 Request	Add'l Items	Total FY 2009 Need
Pers. Serv	401,705		401,705	403,240		403,240
MBARS OPS	496,342	250,000	746,342	497,665		497,665
Add'l Computer Development		138,064	138,064		138,064	138,064
Add'l Outreach		1,910,245	1,910,245		1,910,245	1,910,245
MBARS Expense	3,004,953		3,004,953	4,199,095		4,199,095
Add'l Benefits		1,351,817	1,351,817		1,910,245	1,910,245
<b>Total</b>	<b>3,900,000</b>	<b>1,739,881</b>	<b>5,639,881</b>	<b>5,100,000</b>	<b>2,048,309</b>	<b>7,148,309</b>

Benefits:	FY 2008	FY 2009
Premiums remains at:	\$ 33.11	\$ 371,300.17
Total amt. average per month (3.0/12 and 4.1/12)	\$ 269,395.83	\$ 371,300.17
Clients to be served:	8,136	11,214

FY 2007	FY 2008	FY 2009
Average client growth @ 3.38%/July	3,071	3,135
Average Month	3,618	3,113
Premium	\$ 33.11	\$ 33.11
Estimated Monthly Premium co	55,668	62,151

FY 2008	FY 2009	
Average client growth @ 1.81%/July	5,793	7,182
Average Month	10,958	7,182
Premium	\$ 33.11	\$ 33.11
Estimated Monthly Premium co	191,814	237,810

FY 2009	FY 2008	FY 2009
Average client growth @ 1.81%/July	13,669	14,168
Average Month	15,376	14,168
Premium	\$ 33.11	\$ 33.11
Estimated Monthly Premium co	452,565	469,097

The BLUE is the actual Benefits paid this year

Assumption is with additional amounts from CMS Mailing. (10,900 with take up rate of 60%)

6,540 prorated in first 5 months of FY2008 - growth rate in FY08/09 due to avg growth rate of FY07 first 6 mos. The Pharmacist program and the Drug discount DP's are not included in this analysis but they were approved by subcommittee.

	Aug	Sept	Oct	Nov	Dec	Jan.	Feb.	March	April	May	June	Est. Projected
FY 2007	3,113	3,135	3,196	3,210	3,315	3,739	3,857	3,987	4,122	4,261	4,406	4,406
Average Month	3,618	3,113	3,113	3,113	3,113	3,113	3,113	3,113	3,113	3,113	3,113	3,113
Premium	\$ 33.11	\$ 33.11	\$ 33.11	\$ 33.11	\$ 33.11	\$ 33.11	\$ 33.11	\$ 33.11	\$ 33.11	\$ 33.11	\$ 33.11	\$ 33.11
Estimated Monthly Premium co	55,668	62,151	74,452	70,258	56,806	77,098	127,705	132,022	136,484	141,087	146,986	1,134,982
FY 2008	5,793	8,573	9,965	11,359	11,564	12,274	12,496	12,722	12,952	13,187	13,426	13,426
Average Month	10,958	7,182	7,182	7,182	7,182	7,182	7,182	7,182	7,182	7,182	7,182	7,182
Premium	\$ 33.11	\$ 33.11	\$ 33.11	\$ 33.11	\$ 33.11	\$ 33.11	\$ 33.11	\$ 33.11	\$ 33.11	\$ 33.11	\$ 33.11	\$ 33.11
Estimated Monthly Premium co	191,814	283,955	329,949	376,093	382,900	406,396	413,742	421,230	428,855	436,617	444,520	4,353,770
FY 2009	13,669	14,168	14,424	14,685	14,951	15,722	16,006	16,296	16,591	16,891	17,197	17,197
Average Month	15,376	14,168	14,424	14,685	14,951	15,722	16,006	16,296	16,591	16,891	17,197	17,197
Premium	\$ 33.11	\$ 33.11	\$ 33.11	\$ 33.11	\$ 33.11	\$ 33.11	\$ 33.11	\$ 33.11	\$ 33.11	\$ 33.11	\$ 33.11	\$ 33.11
Estimated Monthly Premium co	452,565	469,097	477,587	486,231	495,032	520,547	528,969	539,662	548,326	559,271	569,392	8,108,346

## Why we need to fully fund Big Sky Rx...

1. **Over 20,000 Montanans on Medicare are eligible for Big Sky Rx**, an assistance program that pays monthly premiums for Medicare Part D.
  
2. Big Sky Rx did not enroll as many people as expected in 2006 for a few reasons:
  - a. Medicare Part D was confusing and many people had difficulty getting onto a plan for the first time.
  - b. Due to confusion, even the federal assistance program, LIS, had trouble recruiting Medicare recipients in Montana. LIS assistance pays for most, if not all, of the costs of a Part D plan for Medicare Montanans *up to 150% of poverty*.
  - c. Some people thought Big Sky Rx was a Part D plan (not assistance) or it appeared "too good to be true."
  
3. Big Sky Rx will increase enrollees by the thousands in the next year because:
  - a. As of 12/29/06, the Social Security Administration received 23, 410 applications for LIS and rejected **10,902, all of whom are likely eligible for Big Sky Rx**.  
  
SSA estimates that most of these are rejected because of the asset test on LIS. Big Sky Rx has no asset test, and a higher income eligibility level than LIS.
  - b. The staff of the Big Sky Rx program received notice in 2006 that the federal government has agreed to give Montana the names of people rejected for LIS. As soon as those names are received, DPHHS can notify them directly that state assistance is available.
  - c. The Big Sky Rx program was also notified that anyone who qualifies for Big Sky Rx can enroll in a Part D program immediately. Typically, Medicare recipients can only enroll in Part D plan from November 15<sup>th</sup>-December 31<sup>st</sup>.

**Bottom line: Big Sky Rx has definite potential to grow dramatically in the next year. Montana made a commitment to fund a prescription drug program for seniors and disabled people as long as tobacco tax revenue was available. Under Big Sky Rx, thousands of people can start receiving needed medication at significant savings this year.**



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Data received from Social Security Administration office in Helena (R. Andrew Hudson, Public Affairs Specialist), 2/1/07. Data reflects LIS figures as of 12/29/06 at the close of the Annual Enrollment Period (AEP). [Summary prepared by AARP MT.]