

**UTAH PHARMACEUTICAL INSURANCE
PROGRAM**

2004 GENERAL SESSION

STATE OF UTAH

Sponsor: David L. Hogue

LONG TITLE

General Description:

This bill creates the Utah Pharmaceutical Insurance Program.

Highlighted Provisions:

This bill:

- ▶ creates the Utah Pharmaceutical Insurance Program within the Department of Health;
- ▶ provides definitions;
- ▶ establishes eligibility criteria;
- ▶ specifies benefits;
- ▶ specifies premium and cost sharing amounts;
- ▶ designates program revenues as dedicated credits for use by the program;
- ▶ allows a percentage of program appropriations to be used for administrative costs;
- ▶ requires annual reporting to the Health and Human Services Appropriations Subcommittee; and
- ▶ grants rulemaking authority to the Department of Health.

Monies Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:



ENACTS:

26-47-201, Utah Code Annotated 1953

26-47-202, Utah Code Annotated 1953

26-47-203, Utah Code Annotated 1953

26-47-204, Utah Code Annotated 1953

26-47-205, Utah Code Annotated 1953

26-47-206, Utah Code Annotated 1953

26-47-207, Utah Code Annotated 1953

26-47-208, Utah Code Annotated 1953

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **26-47-201** is enacted to read:

Part 2. Utah Pharmaceutical Insurance Program

26-47-201. Creation of program.

There is created within the department the Utah Pharmaceutical Insurance Program.

The department shall implement and administer the program in accordance with this Part 2 no later than October 1, 2004.

Section 2. Section **26-47-202** is enacted to read:

26-47-202. Definitions.

As used in this part:

(1) "Access":

(a) shall be defined by administrative rule;

(b) may be based upon various factors, including one's ability to pay premiums, deductibles, copays, and other costs associated with a pharmaceutical benefit plan or health benefit plan; and

(c) shall include access through a relative's health benefit plan.

(2) "Medicare prescription drug plan":

(a) means a Medicare prescription drug plan authorized by Congress after September 1, 2003; and

(b) does not include a Medicare plan or Medigap plan.

(3) "Pharmaceutical benefit plan or health benefit plan":

(a) shall be defined by administrative rule;
(b) includes:
(i) programs under Chapter 18, Medical Assistance Act;
(ii) the Utah Children's Health Insurance Program under Chapter 40, Utah Children's Health Insurance Act;
(iii) the Utah Comprehensive Health Insurance Pool under Title 31A, Chapter 29, Comprehensive Health Insurance Pool Act;
(iv) a health benefit plan as defined in Section 31A-1-301;
(v) a Medicare plan;
(vi) a Medicare prescription drug plan; and
(vii) a Medigap plan; and
(c) does not include a manufacturer's prescription drug assistance program under Chapter 47, Prescription Drug Assistance.

Section 3. Section **26-47-203** is enacted to read:

26-47-203. Eligibility criteria.

(1) To enroll in the Utah Pharmaceutical Insurance Program, a person must:

(a) be at least 19 years of age;
(b) be a resident of the state and a citizen of the United States;
(c) reside in a household with a gross family income of 200% of the federal poverty level or less;
(d) not have access to pharmaceutical benefits under a public or private pharmaceutical benefit plan or health benefit plan; and
(e) not be an inmate or a patient in a public institution, as defined by administrative rule.

(2) An enrollee who becomes ineligible under Subsection (1) and fails to immediately notify the department shall reimburse the program for the benefits received during the period of ineligibility.

(3) A person may not be denied enrollment in the program based on health status.

(4) The department may limit enrollment in the program so that program expenditures do not exceed program revenues.

Section 4. Section **26-47-204** is enacted to read:

26-47-204. Program benefits -- Limits.

(1) The Utah Pharmaceutical Insurance Program shall provide to each enrollee, on an individual basis, one of the following:

(a) coverage for four prescriptions per month; or

(b) premium assistance for the enrollee in an amount established by the department to obtain coverage under:

(i) a Medicare prescription drug plan;

(ii) a Medicare-qualified retirement plan actuarially equivalent to a Medicare prescription drug plan; or

(iii) a Medigap plan with a pharmaceutical benefit.

(2) An enrollee may choose which benefit to receive under Subsection (1).

(3) Beginning July 1, 2006, the department may modify the benefit limit in Subsection (1)(a) by administrative rule.

(4) The department may, by administrative rule, exclude selected pharmaceuticals from the program.

Section 5. Section **26-47-205** is enacted to read:

26-47-205. Premium -- Cost sharing.

(1) An enrollee in the Utah Pharmaceutical Insurance Program shall pay:

(a) a \$100 annual premium; and

(b) if the enrollee receives coverage for prescriptions:

(i) for generic pharmaceuticals, \$15 per prescription; and

(ii) for nongeneric pharmaceuticals:

(A) if a generic equivalent is not available, 15% of the cost of the prescription; and

(B) if a generic equivalent is available, 30% of the cost of the prescription.

(2) Beginning July 1, 2006, the department may modify the premium and cost sharing provisions in Subsection (1) by administrative rule.

Section 6. Section **26-47-206** is enacted to read:

26-47-206. Dedicated credits -- Administrative costs.

(1) Revenues received by the Utah Pharmaceutical Insurance Program shall be deposited in the General Fund as dedicated credits for use by the program.

(2) The department may use up to 5% of funds appropriated to the program to pay for

121 actual costs of administering the program.

122 Section 7. Section **26-47-207** is enacted to read:

123 **26-47-207. Reporting.**

124 The department shall submit an annual financial report for the Utah Pharmaceutical

125 Insurance Program to the Health and Human Services Appropriations Subcommittee.

126 Section 8. Section **26-47-208** is enacted to read:

127 **26-47-208. Rulemaking authority.**

128 The department shall make rules in accordance with Title 63, Chapter 46a, Utah

129 Administrative Rulemaking Act, to implement the Utah Pharmaceutical Insurance Program in

130 accordance with this part.

Legislative Review Note
as of 1-30-04 4:19 PM

A limited legal review of this legislation raises no obvious constitutional or statutory concerns.

Office of Legislative Research and General Counsel

State Impact

This bill establishes the Utah Pharmaceutical Insurance Program. Enrollment in the program is subject to eligibility criteria and Legislative funding. It is estimated that 35,000 citizens would qualify for the benefits provided in the bill. Assuming that all 35,000 individuals enroll in the program and the Legislature appropriates the necessary funding, the revenue and expenditures would be as listed.

Income from enrollment fees would generate \$3.5 million. Assuming an average cost per prescription (net of rebates and co-payments) of \$29, and 2 prescriptions per member per month, the expenses would be \$24.36 million annually. Administrative costs are expected to be \$1.2 million, as authorized in the bill. Assuming that the program begins on October 1, 2004, the total costs would be 75 percent of the annual costs. It is estimated that approximately 55 percent of the eligible population would drop out on January 1, 2006 when the federal Medicare Prescription Drug Benefit begins. This would result in total FY 2006 costs of approximately \$18.5 million.

Appropriations at any other level would adjust the enrollment revenue, total expenditures, and the number of covered individuals.

	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2005</u>	<u>FY 2006</u>
	<u>Approp.</u>	<u>Approp.</u>	<u>Revenue</u>	<u>Revenue</u>
General Fund	\$15,683,500	\$14,952,700	\$0	\$0
Dedicated Credits Revenue	\$3,500,000	\$3,500,000	\$3,500,000	\$3,500,000
TOTAL	\$19,183,500	\$18,452,700	\$3,500,000	\$3,500,000

Individual and Business Impact

Individuals with incomes under 200 percent of the Federal Poverty Level who currently do not have insurance that covers prescription drugs would be able to enroll in this program at an annual cost of \$100. They could then have prescription drug benefits available to them, after making a co-payment for each prescription.

Office of the Legislative Fiscal Analyst