



# Medicare: Issue of the Day

August 26, 2004

## ***BETTER BENEFITS – MORE CHOICES***

*Good News about the Medicare Prescription Drug, Improvement and Modernization Act of 2003!*

### **STATE PHARMACY ASSISTANCE PROGRAMS (SPAPs)**

Under the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, State Pharmacy Assistance Programs (SPAPs) will gain **substantial savings starting in 2006 when the drug benefit becomes available to Medicare beneficiaries.**

- SPAPs currently provide funding for prescription drugs to citizens of their states, a **vast majority of whom are seniors and disabled individuals.**
- Individuals covered by SPAPs may not have any other drug coverage and may not qualify for Medicaid. Approximately 20 states operate a SPAP and fund them entirely without Federal dollars, spending nearly \$2 billion a year of state funds.
- Some of these provide significant subsidies, while others provide drug discounts only.

#### **Benefits to SPAPs from the Drug Benefit**

*Medicare beneficiaries of all income levels will have access to a Federally subsidized drug benefit. Amounts SPAPs are currently spending on those beneficiaries for drugs covered by the new Medicare drug benefit will be paid by the Federal Government.*

In addition to the subsidized benefit that all seniors receive, low-income seniors will receive substantial subsidies to pay their drug costs, and SPAPs will be relieved of significant prescription drug costs they are currently paying for low-income seniors.

- ❖ The *poorest seniors* -- those with **incomes below 100% of the Federal Poverty Level (FPL)** (\$9,310 for individuals and \$12,490 for couples in 2004) who are eligible for full benefits under Medicaid -- would pay **no premiums, no deductibles, and would only pay nominal cost-sharing of \$1 for a generic drug or a preferred multiple source drug and \$3 for all other drugs.**
- ❖ The *second low-income group of seniors*—all other seniors who are eligible for full benefits under Medicaid, as well as other seniors with incomes below 135% of the Federal Poverty Level (FPL) (\$12,569 for individuals and \$16,862 for couples in 2004) and assets of no more than \$6,000 per individual and \$9,000 per couple -- would pay **no premiums, no deductibles, and would only pay nominal cost-sharing of \$2 for a generic drug or a preferred multiple source drug and \$5 for any other drug.**
- ❖ A *third low-income group* -- those with **incomes below 150% FPL** (\$13,965 for individuals and \$18,735 for couples in 2004) and assets of no more than \$10,000 per individual and \$20,000 per couple -- would get **sliding scale subsidies for their premiums, and pay both a lower deductible and lower cost-sharing compared to the standard benefit.**

If a state chooses to continue its SPAP, it will play an **important role in providing prescription drug coverage** for the residents of the State. The SPAP could, at state option, provide **supplemental prescription drug coverage to the new Medicare Part D benefit** for those drug costs not covered by Medicare.

- √ A state with an SPAP can **supplement Medicare beneficiaries' drug coverage** by purchasing such additional benefits from any qualifying Medicare prescription drug plan, or providing its own state supplemental benefit program.
- √ SPAP contributions to beneficiaries' cost sharing will count toward the Part D out-of-pocket limit for catastrophic coverage.

**State Pharmacy Assistance Programs**

<b><i>Pharmacy Plus Medicaid Waivers</i></b>	<b>State Pharmacy Assistance Programs that Offer a Benefit</b>	<b>State Pharmacy Assistance Programs that Offer a Discount</b>
Florida Illinois South Carolina Wisconsin  1115 Pharmacy-only Waivers: Maryland Vermont	Connecticut Delaware Illinois Indiana Kansas Maine Maryland Maine Michigan Minnesota Missouri Nevada New Jersey New York North Carolina Pennsylvania Rhode Island Vermont Wisconsin Wyoming	Arizona California Florida Iowa Maryland Maine Nevada New Hampshire Ohio Oregon Vermont West Virginia

*Notes: Some states with subsidy programs also have discount programs. The comprehensiveness of state programs varies tremendously within groupings.*