

**ILLUSTRATIVE ESTIMATE OF THE IMPACT ON STATES OF DISCOUNT DRUG CREDIT FOR LOW INCOME
OF THE MEDICARE PRESCRIPTION DRUG, IMPROVEMENT, AND MODERNIZATION ACT OF 2003**

(Estimates were developed prior to passage and enactment.)*

State	Medicare Beneficiary Population ¹	People Without Current Coverage ²	People Eligible for \$600 Drug Card ³	Potential Drug Card Subsidies ('04 & '05) ⁴ (millions)	(65% of) Beneficiaries Participating in TAP ⁵	TAP State Savings at 65% Uptake Rate ⁶ (millions)
Alabama	720,000	195,000	169,000	\$203	110,000	\$132
Alaska	47,000	10,000	8,000	\$10	5,000	\$6
Arizona	729,000	202,000	106,000	\$127	69,000	\$83
Arkansas	453,000	127,000	103,000	\$124	67,000	\$80
California	4,076,000	933,000	643,000	\$772	418,000	\$502
Colorado	493,000	112,000	72,000	\$86	47,000	\$56
Connecticut	523,000	123,000	82,000	\$98	53,000	\$64
Delaware	120,000	24,000	18,000	\$22	12,000	\$14
DC	74,000	16,000	16,000	\$19	10,000	\$12
Florida	2,931,000	797,000	490,000	\$588	319,000	\$382
Georgia	975,000	219,000	198,000	\$238	129,000	\$154
Hawaii	175,000	36,000	27,000	\$32	18,000	\$21
Idaho	178,000	51,000	31,000	\$37	20,000	\$24
Illinois	1,665,000	448,000	140,000	\$168	91,000	\$109
Indiana	881,000	237,000	179,000	\$215	116,000	\$140
Iowa	485,000	144,000	77,000	\$92	50,000	\$60
Kansas	397,000	117,000	59,000	\$71	38,000	\$46
Kentucky	649,000	146,000	112,000	\$134	73,000	\$87
Louisiana	623,000	159,000	165,000	\$198	107,000	\$129
Maine	227,000	59,000	38,000	\$46	25,000	\$30
Maryland	675,000	142,000	116,000	\$139	75,000	\$90
Massachusetts	970,000	257,000	169,000	\$203	110,000	\$132
Michigan	1,448,000	322,000	201,000	\$241	131,000	\$157
Minnesota	677,000	187,000	109,000	\$131	71,000	\$85
Mississippi	438,000	104,000	86,000	\$103	56,000	\$67
Missouri	888,000	215,000	159,000	\$191	103,000	\$124
Montana	143,000	41,000	26,000	\$31	17,000	\$20
Nebraska	259,000	90,000	63,000	\$76	41,000	\$49
Nevada	273,000	66,000	44,000	\$53	29,000	\$34
New Hampshire	180,000	48,000	29,000	\$35	19,000	\$23
New Jersey	1,225,000	320,000	187,000	\$224	122,000	\$146
New Mexico	250,000	56,000	45,000	\$54	29,000	\$35
New York	2,768,000	611,000	455,000	\$546	296,000	\$355
North Carolina	1,207,000	315,000	273,000	\$328	177,000	\$213
North Dakota	104,000	36,000	24,000	\$29	16,000	\$19
Ohio	1,734,000	400,000	302,000	\$362	196,000	\$236
Oklahoma	523,000	133,000	98,000	\$118	64,000	\$76
Oregon	514,000	129,000	70,000	\$84	46,000	\$55
Pennsylvania	2,123,000	558,000	371,000	\$445	241,000	\$289
Rhode Island	173,000	49,000	41,000	\$49	27,000	\$32
South Carolina	607,000	148,000	80,000	\$96	52,000	\$62
South Dakota	122,000	40,000	28,000	\$34	18,000	\$22
Tennessee	873,000	238,000	199,000	\$239	129,000	\$155
Texas	2,392,000	592,000	497,000	\$596	323,000	\$388
Utah	220,000	56,000	41,000	\$49	27,000	\$32
Vermont	93,000	22,000	17,000	\$20	11,000	\$13

ILLUSTRATIVE ESTIMATE OF THE IMPACT ON STATES OF DISCOUNT DRUG CREDIT FOR LOW INCOME OF THE MEDICARE PRESCRIPTION DRUG, IMPROVEMENT, AND MODERNIZATION ACT OF 2003

(Estimates were developed prior to passage and enactment.)*

State	Medicare Beneficiary Population ¹	People Without Current Coverage ²	People Eligible for \$600 Drug Card ³	Potential Drug Card Subsidies ('04 & '05) ⁴ (millions)	(65% of) Beneficiaries Participating in TAP ⁵	TAP State Savings at 65% Uptake Rate ⁶ (millions)
Virginia	947,000	187,000	162,000	\$194	105,000	\$126
Washington	775,000	187,000	83,000	\$100	54,000	\$65
West Virginia	348,000	72,000	57,000	\$68	37,000	\$44
Wisconsin	806,000	234,000	70,000	\$84	46,000	\$55
Wyoming	69,000	20,000	15,000	\$18	10,000	\$12
Total	40,245,000	10,030,000	6,850,000	\$8,220	4,543,000	5,343

* These estimates are not a comprehensive analysis of the entire bill or all of its provisions. The estimates were limited by data and time constraints.

¹Estimates were made of the total population potentially affected by the Medicare reform bill's prescription drug provisions using the March 2003 Current Population Survey (CPS) data. Because the CPS does not contain institutionalized individuals, the March 2003 CPS counts of Medicare enrollment was prorated to match the "control" totals of the actual Centers for Medicare and Medicaid Services (CMS) administrative enrollment data from the 1st Quarter 2003 "Denominator File." To produce State-level estimates, the March 2003 CPS file was tabulated to produce counts of Medicare recipients by State by poverty level, controlling to total CMS enrollment figures.

²To estimate the number of previously uncovered Medicare enrollees who would gain access to drugs that they would not otherwise have, the starting point was the March 2003 CPS file by State, tabulated by poverty and by supplemental insurance type, e.g., employer-sponsored, Medicaid. Control totals by type of supplemental insurance were based on tabulations of the Medicare Current Beneficiary Survey, adjusted to 2002 levels (including Tricare). Poverty controls (from CMS) and insurance controls were then used to create the specific estimates of insurance type by poverty. The CPS information was used to distribute these controls by State (within poverty band), but again matched to total enrollment from the 1st Quarter 2003 "Denominator File." The newly covered were defined as those without current drug coverage. This estimate was reduced slightly by the CMS Office of the Actuary's (OACT) assumption of 99 percent participation.

³To estimate the total population potentially eligible for the \$600 drug provision, the same file as indicated above was used. The file was tabulated to identify in each state those under 135% of poverty without Medicaid, employer-sponsored insurance (ESI) or other insurance, e.g., Tricare. In addition, a conversion factor of .9145 was applied to correct for model assumptions. This number has been revised to reflect the impact of Pharmacy Plus waivers in Florida, Illinois, South Carolina, and Wisconsin.

⁴To calculate the amount of potential drug card subsidies, the total number of people eligible for the \$600 annual drug card subsidy was multiplied by \$1,200 which represents the total amount of subsidy available for 2004 and 2005.

⁵To calculate the number of beneficiaries who will participate in the Transitional Assistance Program, the CMS OACT estimated take-up rate of 65% was applied to (multiplied by) the number of eligible beneficiaries.

⁶To calculate the estimated State savings rate for participation of beneficiaries in the Transitional Assistance Program, the number of beneficiaries expected to take up the program was multiplied by \$1,200 (\$600 per year for 2004 and 2005). (OACT estimates that drug card take-up rates will result in subsidy costs of \$5.3 billion for 2004-2005.)