

SENATE BILL No. 1278

May 17, 2000, Introduced by Senators GAST, SHUGARS, STEIL, NORTH, GOUGEON, HAMMERSTROM, HOFFMAN, STILLE, JOHNSON, MC MANUS, BULLARD, SCHWARZ and VAUGHN and referred to the Committee on Appropriations.

A bill to create certain prescription programs relating to the elderly; to enhance access to prescription drugs to certain elderly residents of the state; to prescribe the powers and duties of certain state departments and agencies; to make appropriations; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. (1) This act shall be known and may be cited as the
2 "elder prescription insurance coverage act".

3 (2) It is the intent of the legislature that the EPIC pro-
4 gram defray the cost of obtaining medically necessary prescrip-
5 tion drugs by elderly Michigan residents under the conditions
6 specified in this act.

7 (3) Subject to annual appropriations, the elder prescription
8 insurance coverage program is established within the department
9 of community health.

1 Sec. 2. As used in this act:

2 (a) "Department" means the department of community health.

3 (b) "EPIC program" means the elder prescription insurance
4 coverage program created in section 3.

5 (c) "Federal poverty guidelines" means the poverty guide-
6 lines updated annually in the federal register by the United
7 States department of health and human services under authority of
8 42 U.S.C. 9902(2).

9 (d) "Household income" means all income received by all per-
10 sons of a household in a tax year while members of a household.

11 (e) "Medicaid" means the program for medical assistance
12 established under title XIX of the social security act, chapter
13 531, 49 Stat. 620, 42 U.S.C. 1396 to 1396f, 1396g-1 to 1396r-6,
14 and 1396r-8 to 1396v, and administered by the department under
15 the social welfare act, 1939 PA 280, MCL 400.1 to 400.119b.

16 (f) "Michigan resident" means an individual who has in this
17 state the individual's true, fixed, and permanent home and prin-
18 cipal establishment to which the individual intends to return
19 whenever absent. An individual is a resident until the individ-
20 ual establishes a permanent establishment outside this state.

21 (g) "Prescription" and "prescription drug" mean those terms
22 as defined in section 17708 of the public health code, 1978 PA
23 368, MCL 333.17708.

24 Sec. 3. (1) A noninstitutionalized Michigan resident 65
25 years old or older, with a household income at or below 200% of
26 the federal poverty guidelines, who is not currently a medicaid
27 recipient, is eligible to enroll in the EPIC program.

1 (2) An individual or married couple meeting the basic
2 eligibility criteria established in subsection (1) may apply for
3 enrollment in the EPIC program as follows:

4 (a) Submit an annual application to the department, or the
5 department's designee, that attests to the age and household
6 income of the applicant. A \$25.00 nonrefundable administrative
7 fee must be included with the application.

8 (b) Upon notification of eligibility, enrollment will occur
9 with the payment of the appropriate program premium based on 1 of
10 the following:

11 (i) If the applicant's household income is at or below 100%
12 of the federal poverty level, the annual premium is 1% of house-
13 hold income.

14 (ii) If the applicant's household income is at or below 125%
15 but greater than 100% of the federal poverty level, the annual
16 premium is 2% of household income.

17 (iii) If the applicant's household income is at or below
18 150% but greater than 125% of the federal poverty level, the
19 annual premium is 3% of household income.

20 (iv) If the applicant's household income is at or below 175%
21 but greater than 150% of the federal poverty level, the annual
22 premium is 4% of household income.

23 (v) If the applicant's household income is at or below 200%
24 but greater than 175% of the federal poverty level, the annual
25 premium is 5% of household income.

26 (3) Subsequent to enrollment in the EPIC program, an
27 applicant who has a household income at or below 100% of the

1 federal poverty line shall be referred to the local family
2 independence agency for assessment of eligibility for medicaid.
3 Nothing in this subsection shall be construed as mandating that
4 any applicant found eligible for medicaid must enroll in that
5 program in lieu of enrollment in the EPIC program.

6 Sec. 4. (1) The department shall establish an expedited
7 enrollment if an otherwise eligible EPIC applicant immediately
8 needs to obtain a medically necessary prescription.

9 (2) The department shall give an applicant enrolled under
10 subsection (1) a temporary EPIC program eligibility card that is
11 valid for not more than 2 weeks from the issue date.

12 (3) For the fiscal year 2000-2001, the department shall
13 allocate \$3,000,000.00 of the total EPIC program appropriation to
14 be used to provide emergency prescription vouchers if enrollment
15 in the program is suspended as authorized under section 7(c).
16 Eligibility requirements for emergency vouchers shall not be more
17 restrictive than the requirements established for the Michigan
18 emergency pharmaceutical program for seniors previously funded in
19 the annual appropriation for the department.

20 Sec. 5. (1) Each enrollee has the choice of making a pre-
21 mium payment on a bimonthly, quarterly, semiannual, or annual
22 basis. An enrollee may choose to meet his or her premium obliga-
23 tion through a monthly deductible on prescription purchases.
24 Under this option, the monthly deductible shall not exceed 1/12
25 of the value of the annual premium.

26 (2) Except as otherwise specified in section 7, if an
27 enrollee chooses to have a prescription filled with a brand name

1 drug when a recognized therapeutic equivalent drug is available,
2 a mandatory \$15.00 copayment is required. This subsection does
3 not require therapeutic substitution. This subsection does not
4 apply to a prescription marked as "dispense as written".

5 Sec. 6. To implement and administer the provisions of this
6 act, the department shall utilize the office of services to the
7 aging, area agencies on aging, senior citizens centers, or other
8 senior focused entities, to provide outreach, enrollment assist-
9 ance, and education services to potentially eligible seniors for
10 both the EPIC and medicaid programs.

11 Sec. 7. The department shall provide quarterly reports to
12 the senate and house appropriations committees, and the senate
13 and house fiscal agencies, that include quantified data as to the
14 number of program applicants, enrollees, expenditures, and the
15 number of enrollees subsequently found eligible for medicaid.
16 Each report shall also contain an estimate of whether or not the
17 current rate of expenditures will exceed the existing amount of
18 money appropriated for the EPIC program in the current fiscal
19 year. If the estimate indicates that the program would end the
20 year in deficit, the department and the department of management
21 and budget shall take 1 or more of the following actions:

22 (a) Request a supplemental appropriation for the EPIC
23 program.

24 (b) Request a transfer of spending authority from any sur-
25 plus appropriation within the department.

26 (c) Suspend further enrollment in the EPIC program.

1 (d) Increase premiums, deductibles, or copayments for new
2 applicants. In no case shall an adjustment in program cost
3 sharing result in a cost to an eligible senior in excess of 5% of
4 the eligible senior's household income.

5 Sec. 8. (1) The program created by this act is not an
6 entitlement. Benefits are limited to the level supported by the
7 funding explicitly appropriated in this or other acts for the
8 EPIC program.

9 (2) Except as allowed in section 3(3), the EPIC program is a
10 payer of last resort. If the federal government establishes a
11 pharmaceutical assistance program that covers EPIC eligible
12 seniors under medicare or any other program, the EPIC program
13 shall cover only eligible costs not covered by the federal
14 program.

15 (3) The EPIC program shall not be implemented until after an
16 automated pharmacy claims adjudication and prospective drug util-
17 ization review system is operational. This automated system
18 shall contain those edits necessary to reduce the risk of adverse
19 drug reactions in the enrolled population.

20 Enacting section 1. Section 273 of the income tax act of
21 1967, 1967 PA 281, MCL 206.273, is repealed.

22 Enacting section 2. This act takes effect January 1, 2001.