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SENATE FILE 297
BY BOLKCOM

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to pharmaceutical assistance, including the
2 establishment of a pharmaceutical assistance program for the
3 elderly, establishing a condition of participation in the
4 medical assistance program for pharmacies, making an
5 appropriation, and providing a penalty.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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SF 297 HUMAN RESOURCES

1 Section 1. NEW SECTION. 231.61 PHARMACEUTICAL ASSISTANCE
2 PROGRAM ESTABLISHED.

3 1. For the purposes of this section, unless the context
4 otherwise requires:

5 a. "Eligible person" means a resident of Iowa, sixty-five
6 years of age or older, with an annual net income of not more
7 than two hundred fifty percent of the federal poverty level,
8 as defined by the most recent poverty income guidelines
9 published by the United States department of health and human
10 services; or a person, sixty-five years of age or older, who
11 together with the person's spouse has an annual net income of
12 not more than two hundred fifty percent of the federal poverty
13 level, as defined by the most recent poverty income guidelines
14 published by the United States department of health and human
15 services. "Eligible person" does not include a person who is
16 eligible for financial assistance for the purchase of
17 prescription drugs outside of a health care facility setting
18 under another local, state, or federal program to the extent
19 that the other program provides financial assistance for the
20 purchase of prescription drugs.

21 b. "Prescription drug" means a prescription drug as
22 defined in section 155A.3.

23 c. "Program" means the pharmaceutical assistance program
24 established in this section.

25 d. "Reasonable cost" means a charge which does not exceed
26 the reimbursement rate and any additional charges established
27 by the department of human services pursuant to section
28 249A.21 for dispensing of the prescription drug under the
29 medical assistance program.

30 2. A pharmaceutical assistance program is created within
31 the department to provide for subsidization of the
32 prescription drug costs of eligible persons.

33 3. The commission shall adopt rules to implement this
34 section. The rules shall provide for all of the following:

35 a. A means to determine the eligibility of a person,

1 including proof of the person's actual and anticipated annual
2 net income, evidence of complete or partial payment for the
3 costs of prescription drugs by a third-party payor other than
4 the program, and other provisions consistent with this
5 section.

6 b. The program application form, which includes an
7 explanation of the penalties for violation of this section.
8 An initial application shall be accompanied by proof of the
9 date of birth of the person.

10 c. Issuance by the department of a participation card,
11 upon approval of an application. The card shall act as a form
12 of identification for a person to use in proving eligibility.
13 The card shall include a conspicuous notation of the penalties
14 for violation of this section.

15 d. A prescription copayment of twenty percent of the
16 reasonable cost of the prescription, which shall be collected
17 from the person participating in the program by the dispensing
18 pharmacy, not to exceed eight hundred dollars in prescription
19 copayment costs for each calendar year. The balance of the
20 reasonable costs shall be paid by the department to the
21 dispensing pharmacy after submission of a claim to the
22 department.

23 e. A provision that if the prescription drug is available
24 under a generic name, the eligible person may obtain the brand
25 name drug rather than the generic drug by paying the
26 difference in the cost of the brand name drug and the generic
27 name drug. However, if the prescribing practitioner indicates
28 on the prescription that a substitution of a generic drug for
29 the brand name drug is prohibited, the eligible person is
30 subject only to payment of the copayment amount.

31 f. A reimbursement system which includes on-line point-of-
32 service claims transmission and adjudication, with utilization
33 review.

34 g. A provision to ensure choice of pharmaceutical services
35 by the eligible person.

1 4. A person who supplies false information to establish
2 eligibility for the program or to obtain reimbursement is
3 guilty of a serious misdemeanor.

4 5. The department shall establish a pharmaceutical
5 assistance education program to provide information regarding
6 options for prescription drug cost assistance including but
7 not limited to existing prescription drug group discount
8 programs. The pharmaceutical assistance education program
9 shall be provided through the area agencies on aging. The
10 department shall also provide information regarding options
11 for pharmaceutical assistance through various media sources
12 including radio, television, and print media sources.

13 Sec. 2. NEW SECTION. 249A.21 PHARMACIES -- CONDITION OF
14 PARTICIPATION IN MEDICAL ASSISTANCE PROGRAM.

15 1. As a condition of participation in the medical
16 assistance program, a pharmacy, upon presentation by an
17 individual of a valid prescription and the individual's
18 federal Medicare card, shall charge the individual a price for
19 the prescription that does not exceed the reimbursement rate
20 and any additional charges established by the department for
21 dispensing of the prescription under the medical assistance
22 program. The price requirements of this section do not apply
23 to the prices of over-the-counter medications or compounded
24 prescriptions.

25 2. The department shall provide a mechanism to calculate
26 and transmit the price to the pharmacy. The drug utilization
27 review process shall not apply to prescriptions provided under
28 this section unless the individual to whom the prescription is
29 dispensed is a recipient of medical assistance.

30 3. The department shall monitor pharmacy participation
31 under this section and shall report the results of the
32 monitoring to the general assembly by January 1, annually.
33 The report shall include but is not limited to information
34 regarding any pharmacy that discontinues participation in the
35 medical assistance program and the reasons provided for the

1 discontinued participation.

2 4. It is the intent of the general assembly that the
3 provision of benefits under this section is to be reevaluated
4 if a prescription drug benefit is provided through the federal
5 Medicare program. The department shall inform the legislative
6 fiscal bureau if a prescription drug benefit is provided
7 through the federal Medicare program.

8 Sec. 3. APPROPRIATION. There is appropriated from the
9 general fund of the state to the department of elder affairs
10 for the fiscal year beginning July 1, 2001, and ending June
11 30, 2002, the following amount, or so much thereof as is
12 necessary, to be used for the purpose designated:

13 For the pharmaceutical assistance program established
14 pursuant to section 231.61:

15 \$ 40,000,000

16 EXPLANATION

17 This bill creates a pharmaceutical assistance program in
18 the department of elder affairs to provide for subsidization
19 of prescription drug costs of eligible persons 65 years of age
20 and older with limited incomes, as established in the bill.
21 The department of elder affairs is required to adopt rules
22 regarding copayments, reimbursement policies for generic and
23 brand name drugs, a reimbursement system for dispensing
24 pharmacies, and a form of participation card identification
25 for eligible persons. A person who supplies false information
26 in order to become eligible for the program or to obtain
27 reimbursement is guilty of a serious misdemeanor. The bill
28 also establishes a pharmaceutical assistance education program
29 to provide information regarding options for prescription drug
30 cost assistance. The program is to be provided through the
31 area agencies on aging and is to include a component which
32 provides information through various media sources.

33 The bill also provides for an appropriation to the
34 department of elder affairs from the general fund of the state
35 to finance the pharmaceutical assistance program.

1 The bill also provides that as a condition of participation
2 in the medical assistance program, pharmacies are required to
3 charge the reimbursement rate plus any other charge
4 established by the department of human services for dispensing
5 of the prescription that is charged under the medical
6 assistance program for prescriptions of individuals who
7 present a valid prescription and a federal Medicare card to
8 the pharmacist. The price requirements do not apply to over-
9 the-counter medications or to compounded prescriptions. The
10 department of human services is to provide a mechanism to
11 calculate and transmit the price to the pharmacy. Drug
12 utilization review requirements under the medical assistance
13 program do not apply to the provisions of this portion of the
14 bill. The department of human services is directed to monitor
15 pharmacy participation under the bill and is to report
16 annually on the results of the monitoring. The bill provides
17 that it is the intent of the general assembly to reevaluate
18 the benefits provided under the bill if a prescription drug
19 benefit is provided through the federal Medicare program. The
20 department is directed to inform the legislative fiscal bureau
21 if such a benefit is provided through the federal Medicare
22 program.

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