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# A BILL FOR AN ACT

RELATING TO THE STATE PHARMACY ASSISTANCE PROGRAM.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1 SECTION 1. Section 346-342, Hawaii Revised Statutes, is  
2 amended by amending subsections (a) and (b) to read as follows:

3 "(a) There is established within the department the state  
4 pharmacy assistance program. Provided that there are no  
5 federally approved prescription drug plans available in the  
6 State that provide a full coverage prescription drug benefit,  
7 the state pharmacy assistance program may coordinate the  
8 prescription drug coverage with the federal medicare part D  
9 prescription drug benefit, including related supplies, as  
10 determined by the department, to each resident who meets the  
11 eligibility requirements as outlined in section 346-343. The  
12 state pharmacy assistance program shall be qualified by the  
13 federal Centers for Medicare and Medicaid Services.

14 (b) The department [~~may~~] shall provide enrollment  
15 assistance to eligible individuals [~~into the state pharmacy~~  
16 ~~assistance program. Enrollment for medicaid dual eligible~~  
17 ~~persons shall begin no later than October 1, 2005.~~] to identify  
18 the medicare prescription drug plan that best meets the needs of



1 the enrollee at the lowest cost, based upon the enrollee's  
2 medication, pharmacy, and overall costs to the enrollee, and to  
3 assist the enrollee in joining or changing plans."

4 SECTION 2. Section 346-343, Hawaii Revised Statutes, is  
5 amended by amending subsections (a) and (b) to read as follows:

6 "[~~f~~]**\$346-343**[~~]~~ **Eligibility.** (a) All residents of the  
7 State shall be eligible to participate in the state pharmacy  
8 assistance program; provided that the applicant:

- 9 (1) Is a resident of Hawaii;
- 10 (2) Is sixty-five years or older, or is disabled and  
11 receiving a social security benefit;
- 12 (3) Has a household income at or below one hundred fifty  
13 per cent of the federal poverty level;
- 14 (4) Meets the asset test; and
- 15 (5) Is not a member of a retirement plan who is receiving  
16 a benefit from the Medicare Modernization Act.

17 (b) State pharmacy assistance program applicants who are  
18 enrolled in any other public assistance program providing  
19 pharmaceutical benefits, other than the Medicare Modernization  
20 Act[~~7~~] and medicaid, shall be ineligible for the state pharmacy  
21 assistance program as long as they receive pharmaceutical  
22 benefits from that other public assistance program, unless the



1 applicant is eligible for medicare. Residents who qualify for,  
2 or are enrolled in, the [†]Rx plus program[†] shall be eligible  
3 for the state pharmacy assistance program; provided that they  
4 meet all other state pharmacy assistance program requirements."

5 SECTION 3. Section 346-344, Hawaii Revised Statutes, is  
6 amended to read as follows:

7 "[†]§346-344[†] **Benefits.** (a) For persons meeting the  
8 eligibility requirements in section 346-343[†] with household  
9 incomes of not more than one hundred fifty per cent of the  
10 federal poverty level, the state pharmacy assistance program  
11 ~~[may pay all or some of the co-payments required under the~~  
12 ~~federal medicare part D pharmacy benefit program, subject to~~  
13 ~~receipt of sufficient rebates pursuant to section 346-342(g), as~~  
14 ~~determined by the department.] may pay:~~

- 15 (1) As to prescriptions covered by the medicare  
16 prescription drug benefit, all enrollee costs,  
17 including deductibles and copayments;
- 18 (2) As to classes of medication excluded from coverage by  
19 the medicare prescription drug benefit, all enrollee  
20 costs, subject to the current coverage for these  
21 classes of drugs under the medicaid fee-for-service  
22 program; and



1        (3) As to a prescription that has been denied coverage by  
2        the medicare prescription drug plan because the  
3        pharmaceutical is not on the plan's formulary, all  
4        enrollee costs, if the department determines that  
5        alternative medications available from the medicare  
6        prescription drug plan would be less effective than  
7        the prescribed medication or unsafe. The department  
8        may seek reimbursement from the medicare prescription  
9        drug plan, request a medicare part D formulary  
10       exception, and appeal any adverse determination on  
11       behalf of the department and the beneficiary.

12       (b) The state pharmacy assistance program is the payor of  
13 last resort [~~, subject to receipt of sufficient rebates pursuant~~  
14 ~~to section 346-342(g), as determined by the department].~~

15       (c) The state pharmacy assistance program shall be funded  
16 with state appropriations [~~derived from revenues to the State~~  
17 ~~from rebates paid by pharmaceutical manufacturers pursuant to~~  
18 ~~section 346-342(g), which may affect the level of benefits to~~  
19 ~~program enrollees pursuant to subsection (a) depending on the~~  
20 ~~amount of the rebates received by the State to cover all program~~  
21 ~~benefits and costs of administering the program.] and with~~



1 savings resulting from medicare prescription drug coverage for  
2 the medicaid dual eligible population."

3 SECTION 4. Section 346-345, Hawaii Revised Statutes, is  
4 amended by amending subsection (b) to read as follows:

5 "(b) Moneys in the state pharmacy assistance program  
6 special fund may be used for:

7 [~~(1) Reimbursement payments to participating pharmacies for~~  
8 ~~co-payments required under the federal medicare part D~~  
9 ~~pharmacy benefit program as provided to state pharmacy~~  
10 ~~assistance program participants;]~~

11 (1) Payment of benefits under section 346-344;

12 (2) The costs of administering the state pharmacy  
13 assistance program, including salary and benefits of  
14 employees, computer costs, and contracted services as  
15 provided in section 346-342(d); and

16 (3) Any other purpose deemed necessary by the department  
17 for the purpose of operating and administering the  
18 state pharmacy [+assistance+] program.

19 All interest on special fund balances shall accrue to the  
20 special fund. Upon dissolution of the state pharmacy assistance  
21 program special fund, any unencumbered moneys in the fund shall  
22 lapse to the general fund."



1 SECTION 5. Section 346-341, Hawaii Revised Statutes, is  
2 amended by deleting the definition of "full coverage  
3 prescription drug benefit".

4 [~~"Full coverage prescription drug benefit" means a~~  
5 ~~federally approved prescription drug plan that offers a zero~~  
6 ~~co-payment benefit for medicaid dual eligibles under the~~  
7 ~~medicare part D drug benefit."~~]

8 SECTION 6. There is appropriated out of the general  
9 revenues of the State of Hawaii the sum of \$600,000 or so much  
10 thereof as may be necessary for fiscal year 2006-2007 for the  
11 state pharmacy assistance program.

12 The sum appropriated shall be expended by the department of  
13 human services for the purposes of this Act.

14 SECTION 7. Statutory material to be repealed is bracketed  
15 and stricken. New statutory material is underscored.

16 SECTION 8. This Act shall take effect upon its approval.



**Report Title:**

State Pharmacy Assistance Program

**Description:**

Extends income eligibility requirement to 150 percent of the federal poverty level. Requires the Department of Human Services to provide enrollees with enrollment assistance about prescription drug plans. Makes other clarifying amendments.  
(SB3003 HD1)

