

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6613
BILL NUMBER: SB 424

NOTE PREPARED: Jan 7, 2004
BILL AMENDED:

SUBJECT: Prescription Drug Card Program.

FIRST AUTHOR: Sen. Dillon
FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill requires the Secretary of Family and Social Services to establish a prescription drug card program through which negotiated benefits related to the purchase of a prescription drug are available to certain residents.

Effective Date: July 1, 2004.

Explanation of State Expenditures: This bill requires FSSA to establish a prescription drug discount card for any resident of the state that applies for the program and does not have third-party payment for prescription drugs. Previous estimates of the size of the state's population who may not have access to third-party coverage for prescription drugs have projected the group to be comprised of about 1.4 M individuals. These estimates include the uninsured, the underinsured, and the Medicare population that does not currently have supplemental prescription drug coverage. The Medicare prescription drug benefits will be available in FFY 2006, at which time the Medicare population would no longer be eligible for this program. The discount drug card is to be available to any state resident who applies for the program; no means testing or age restrictions are imposed. The bill allows the cost of the program to be recovered through the application of a cardholder surcharge that would be paid at the point of purchase.

The cost of implementing the discount prescription drug card program would be dependent upon administrative decisions concerning implementation, the amounts of discounts that may be negotiated with drug companies, the amount of the surcharge, and the number of individuals that apply for and use the card. The program would be expected to require some start-up funding prior to receiving any surcharge revenue in order to advertise, take applications, and issue cards to qualifying individuals. Advertising and application processing expenses are not known, although \$110,000 has been estimated to be the cost of issuing 150,000

discount program cards. The program would also need to contract with a pharmacy benefit manager to negotiate the benefits that might be available to participants. As a point of reference, the administrative expenses for the HoosierRx program were \$987,746 in FY 2003.

Explanation of State Revenues: The bill allows for a cardholder surcharge for discounted prescription drug purchases at the point of sale. The amount of any surcharge collected would be dependent upon the amount of discounts that might ultimately be available under the program and the number of individuals that participate.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Family and Social Services Administration.

Local Agencies Affected:

Information Sources: Auditor's Trial Balance.

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