

DEPARTMENT OF HEALTH AND HUMAN SERVICES**Nevada Senior Rx and Disability Rx****Report for Nevada Legislative Committee on Healthcare****May 9, 2006**

Senior Rx and Disability Rx are state programs that provide specified Nevadans with relief from the high cost of prescription medications. Both are administered through the Nevada Department of Health and Human Services (DHHS) Director's Office.

Senior Rx was created during the 1999 legislative session and serves individuals who are age 62 and older, while Disability Rx was created during the 2005 legislative session and serves individuals ages 18 through 61 with verifiable disabilities. Both programs are funded primarily with Tobacco Settlement dollars. Disability Rx was rolled out on January 1st of this year.

The current income limits for both programs are \$23,175 for singles and \$30,168 for married couples. These limits change on July 1st of each year based on the Consumer Price Index. To be eligible for Senior Rx or Disability Rx, candidates must have lived in the state for 12 continuous months preceding the date of application. There is no asset test associated with either program.

Senior Rx Eligibility	Disability Rx Eligibility
Age 62 and older	Ages 18 to 61
One-year Nevada residency	One-year Nevada residency
Income \$23,175 singles, \$30,168 couples	Income \$23,175 singles, \$30,168 couples
Disability not required	Disability required

Senior Rx and Disability Rx offer two benefit packages. Participation is linked to eligibility for Medicare Part D, the new federal prescription drug benefit implemented by the Centers for Medicare and Medicaid Services (CMS) on January 1, 2006.

Senior Rx and Disability Rx members who are NOT eligible for prescription drug coverage under Medicare Part D participate in a cost-sharing program that has no premium, no deductible, and co-payments of \$10 for generic drugs and \$25 for preferred or medically necessary brands. The annual coverage limit is \$5,100. The cost-sharing benefit package is administered by Catalyst Rx, a pharmacy benefit manager whose contract with DHHS became effective January 1, 2005.

Members who ARE eligible for prescription coverage under Medicare Part D are required to enroll in a Part D plan and also utilize federal low-income subsidies if eligible. If these conditions are met, members may receive up to \$23.46 toward the

monthly Part D premium (minus any help Medicare may already be providing with this expense) and may also receive 100% coverage of prescription medications during the Part D coverage gap. During the gap, members must continue to follow the formulary, step therapies and prior authorization requirements of their Part D plans. The benefits described here are known as Part D “wrap-around coverage.” The premium benefit is administered directly by Senior Rx and Disability Rx in cooperation with CMS and the Part D plans. Coverage gap protection is administered by Catalyst Rx.

It is important to note that Medicare Part D was just implemented by the federal government on January 1, 2006. Therefore, our experience with the Part D wrap-around coverage approved by the Interim Finance Committee (IFC) in November 2005 is still limited. In fact, at this time our attention is focused almost exclusively on assisting our existing members with the change. We are scheduled to report to the IFC in June about our experiences and make recommendations for any necessary revisions to the wrap-around coverage. Statutorily, we are required to maximize federal benefits while minimizing disruption to eligibility and coverage for our members, but it is possible that the initial attempt to meet this mandate may need adjustments.

As of May 1, 2006, Senior Rx active enrollment is 8,533. According to data received from CMS, 7,884 of these members are Medicare-eligible and 649 (7.6%) are not.

As of May 1, 2006, Disability Rx active enrollment is 105. According to data received from CMS, 95 of these members are Medicare-eligible and 10 (less than 1%) are not. For Disability Rx, it is important to reiterate that these numbers reflect active enrollment. Members who are in eligible/pending or waiting list status will be activated shortly and the program will be at capacity.

As mentioned previously, both Senior Rx and Disability Rx are funded primarily through Tobacco Settlement dollars. However, the budgets are separate and distinct. The FY 2006 Senior Rx prescription budget is approximately \$8 million, which should be adequate to meet the needs of up to 9,559 members. The FY 2006 Disability Rx prescription budget is approximately \$450,000, which may meet the needs of only about 147 members. Additional experience with Medicare Part D and the cost of providing wrap-around coverage, as well as experience with the prescription utilization patterns of the newly added disability population, will help us to develop more precise projections for future.