



# House of Representatives

General Assembly

**File No. 363**

February Session, 2000

Substitute House Bill No. 5428

*House of Representatives, April 3, 2000*

The Committee on Human Services reported through REP. GERRATANA of the 23<sup>rd</sup> Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## ***An Act Expanding Eligibility For The ConnPACE Program.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (a) of section 17b-492 of the general statutes is  
2 repealed and the following is substituted in lieu thereof:

3 (a) Eligibility for participation in the program shall be limited to any  
4 resident (1) who is sixty-five years of age or older or who is disabled,  
5 (2) whose annual income, if unmarried, is less than [thirteen thousand  
6 eight] seventeen thousand five hundred dollars, or whose annual  
7 income, if married, when combined with that of [his] such resident's  
8 spouse is less than [sixteen thousand six] twenty thousand five  
9 hundred dollars, (3) who is not insured under a policy which provides  
10 full or partial coverage for prescription drugs once a deductible  
11 amount is met, and (4) on and after September 15, 1991, who pays an  
12 annual twenty-five-dollar registration fee to the Department of Social  
13 Services. Notwithstanding the provisions of subdivision (2) of this  
14 subsection, a resident may be eligible to participate in the program

15 provided such resident submits evidence satisfactory to the  
16 department that such resident has paid an amount for prescription  
17 drugs during the same calendar year in which such resident has  
18 submitted an application for assistance under the program that is  
19 equal to or greater than the amount by which the annual income of the  
20 resident exceeds the income limits established under this subsection.  
21 Such resident shall be eligible to participate in the program through  
22 December thirty-first of the calendar year in which such resident has  
23 submitted an application for assistance under the program. In the  
24 event a resident is determined to be ineligible to participate in the  
25 program due to annual income in excess of the income limits  
26 established under this subsection, the department shall provide  
27 written notification to such resident of (A) the amount by which the  
28 annual income of the resident exceeds the income limits established  
29 under this subsection, and (B) the resident's ability to qualify for  
30 eligibility under the program provided such resident submits evidence  
31 satisfactory to the department that such resident has paid an amount  
32 for prescription drugs during the same calendar year in which such  
33 resident has submitted an application for assistance under the program  
34 that is equal to or greater than the amount by which the annual income  
35 of the resident exceeds such income limits. On January 1, 1998, and  
36 annually thereafter, the commissioner shall, by the adoption of  
37 regulations in accordance with chapter 54, increase the income limits  
38 established under this subsection over those of the previous fiscal year  
39 to reflect the annual inflation adjustment in Social Security income, if  
40 any. Each such adjustment shall be determined to the nearest one  
41 hundred dollars.

42 Sec. 2. This act shall take effect July 1, 2000.

**Statement of Legislative Commissioners:**

In subdivision (2) of subsection (a) of section 17b-492 of the general statutes, the reference to "his" was changed to effect gender neutrality.

**HS**    **Committee Vote:**    Yea    18    Nay    0    JFS-LCO

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

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**OFA Fiscal Note**

**State Impact:** Significant Cost, Indeterminate Cost, Revenue Gain Significant

**Affected Agencies:** Department of Social Services

**Municipal Impact:** None

**Explanation**

**State Impact:**

**Increase ConnPACE Income Limits**

A significant FY 01 cost will be incurred by the Department of Social Services (DSS) as a result of increasing the income eligibility limits for the Connecticut Pharmaceutical Assistance Contract to the Elderly and the Disabled (ConnPACE) program from \$14,700 to \$17,500 for single enrollees, and from \$17,700 to \$20,500 for married enrollees, effective July 1, 2000. It is estimated that this policy change would result in an increase in the number of ConnPACE enrollees by approximately 4,700 persons. No funding has been included within either the House or Senate versions of the Revised FY 01 Appropriations Act to implement this policy change.

Based upon the Senate version, an additional FY 01 cost of \$4.5 million will be experienced. An FY 01 revenue gain of \$900,000 would also result, as additional manufacturer's rebate payments would be

collected.

Based upon the House version, an additional FY 01 cost of \$3.6 million would be experienced as the House version utilizes the manufacturer's rebate to directly offset program expenditures, and also incorporates savings from adopting modifications to pharmacy reimbursement and generic drug policy.

In subsequent fiscal years the cost of this program expansion is estimated to approximate \$5.6 million (Senate version) or \$4.4 million (House version), as a phase-in of enrollment is assumed in the first year. An annual revenue increase of \$1.1 million would be achieved under the Senate's budget assumptions.

#### **Institute ConnPACE Spend Down Program**

An indeterminate significant cost will be incurred to establish a spend-down provision as specified in the bill. No funding has been included within either the House or Senate versions of the Revised FY 01 Appropriations Act to implement this policy change.

A September, 1999, study issued by the AARP Public Policy Institute estimated that non-institutionalized Medicare beneficiaries of all ages spend an average of \$410 on prescription drug out-of-pocket costs; 25 % spend in excess of \$500, while 12 % spend in excess of \$1,000 annually.

While the number of additional persons who will seek enrollment cannot be determined at this time, the associated cost to the state is anticipated to be significant. Expenses would be associated with drug purchases for new enrollees and administrative costs for the Department of Social Services, which would have to institute a system to verify out-of-pocket expenditures and provide written notices to applicants found to be ineligible. Resulting costs would be partially offset by enhanced manufacturer's rebate revenues of approximately

19% of the prescription costs and a \$25 application fee per new enrollee.

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**OLR Bill Analysis**

HB 5428

***AN ACT EXPANDING ELIGIBILITY FOR THE CONNPACE PROGRAM.***

**SUMMARY:**

This bill increases the income limits in the Connecticut Pharmaceutical Assistance Contract to the Elderly and Disabled (ConnPACE) Program to \$17,500 for a single person and \$20,500 for married couples. The current limits are \$14,700 and \$17,700, respectively. Applicants with higher incomes can qualify if their spending for prescriptions in the year that they apply is the same as or greater than the amount by which their income exceeds the limits.

EFFECTIVE DATE: July 1, 2000

**“SPEND DOWN” OF EXCESS PRESCRIPTION COSTS**

The bill allows residents whose incomes exceed the ConnPACE limits to qualify if they submit satisfactory evidence to the Department of Social Services (DSS) that they have paid at least as much for prescriptions as the amount by which their annual income exceeds the program limits during the year in which they apply. Eligibility continues until the end of that calendar year. (Participants would presumably have to reapply on January 1 of the following year and would then have to go through the same “spend down” process if their income at the time exceeded the limit.)

DSS must notify in writing applicants who are over-income of (1) the amount by which their income exceeds the limit and (2) their ability to qualify under the bill’s excess prescription spending rules.

**BACKGROUND**

***ConnPACE***

ConnPACE provides pharmaceutical assistance to state residents who are age 65 or over and those between the ages of 18 and 64 with a disability. The state pays for most prescription drugs after participants pay a \$12 co-payment for each prescription and an annual \$25 registration fee. The annual income limits are increased each year to reflect cost-of-living increases in Social Security benefits. When determining income eligibility, DSS compares the applicant's income in the previous calendar year to the limits in effect at the time of application.

**COMMITTEE ACTION**

Human Services Committee

Joint Favorable Report  
Yea 18 Nay 0