



# House of Representatives

General Assembly

**File No. 575**

February Session, 2000

Substitute House Bill No. 5858

*House of Representatives, April 12, 2000*

The Committee on Appropriations reported through REP. DYSON of the 94<sup>th</sup> Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## ***An Act Extending Prescription Drug Coverage To Low-Income Uninsured Individuals.***

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2 repealed and the following is substituted in lieu thereof: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 hundred] seventeen thousand five hundred dollars, or whose  
7 annual income, if married, when combined with that of [his] a spouse  
8 is less than [sixteen thousand six hundred] twenty-two thousand  
9 dollars, [(3)] (2) who is not insured under a policy which provides full  
10 or partial coverage for prescription drugs once a deductible amount is  
11 met, and [(4)] (3) on and after September 15, 1991, who pays an annual  
12 twenty-five-dollar registration fee to the Department of Social Services.  
13 On January 1, 1998, and annually thereafter, the commissioner shall,

14 by the adoption of regulations in accordance with chapter 54, increase  
15 the income limits established under this subsection over those of the  
16 previous fiscal year to reflect the annual inflation adjustment in Social  
17 Security income, if any. Each such adjustment shall be determined to  
18 the nearest one hundred dollars.

19 Sec. 2. Subsection (e) of section 26 of public act 99-2 of the June  
20 special session is repealed and the following is substituted in lieu  
21 thereof:

22 (e) Grants shall be made by the Secretary of the Office of Policy and  
23 Management in consultation with the speaker of the House of  
24 Representatives, the president pro tempore of the Senate, the majority  
25 leader of the House of Representatives, the majority leader of the  
26 Senate, the minority leader of the House of Representatives, the  
27 minority leader of the Senate, and the cochairpersons and ranking  
28 members of the joint standing committees of the General Assembly  
29 having cognizance of matters relating to public health and  
30 appropriations and the budgets of state agencies, or their designees.  
31 Such grants shall be used to (1) reduce tobacco abuse through  
32 prevention, education, cessation, treatment, enforcement and health  
33 needs programs, and (2) provide funding for expanded coverage  
34 under the ConnPACE program pursuant to section 17b-492, as  
35 amended by this act.

36 Sec. 3. Section 27 of public act 99-2 of the June special session is  
37 repealed and the following is substituted in lieu thereof:

38 There is created a Tobacco and Health Trust Fund which shall be a  
39 separate nonlapsing fund. The trust fund may accept transfers from  
40 the Tobacco Settlement Fund and may apply for and accept gifts,  
41 grants or donations from public or private sources to enable the trust  
42 fund to carry out its objectives.

43 Sec. 4. This act shall take effect July 1, 2000.

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**INS**   **Committee Vote:**   Yea   17   Nay   0   JF   C/R   APP  
**APP**   **Committee Vote:**   Yea   47   Nay   0   JFS

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, Revenue Gain

**Affected Agencies:** Department of Social Services, Office of Policy and Management

**Municipal Impact:** None

**Explanation**

**State Impact:**

The bill increases 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 \$22,000 for married enrollees, effective July 1, 2000. It further states that the costs of implementing this eligibility expansion will be assumed by the Tobacco Grant account under the Office of Policy and Management (OPM).

It is estimated that this policy change would increase the number of ConnPACE enrollees by approximately 5,500.

Based upon the Senate version of the Revised FY 01 Appropriations Act, an additional FY 01 cost of \$6.5 million will be experienced. An FY 01 revenue gain of \$1.3 million would also result, as additional manufacturer's rebate payments would be collected.

Based upon the House version, an additional FY 01 cost of \$5.1 million would be experienced as the House budget 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 \$7.3 million (Senate version) or \$5.7 million (House version), as a phase-in of enrollment is assumed in the first year. An annual revenue increase of \$1.5 million would be achieved under the Senate's budget assumptions.

In FY 00, \$5 million in one-time funding was disbursed to the Tobacco Grant account from the Tobacco Settlement Fund. The final allocation plan for these dollars will be released in Spring 2000. Since the costs associated with increasing ConnPACE income limits to the proposed levels exceed \$5 million annually, the OPM will be unable to comply with this bill and also meet its existing mandate to fund tobacco abuse reduction efforts. Any cost not assumed by OPM would be passed on to the Department of Social Services' (DSS) budget. Additionally, as the distribution to the Tobacco Grant account was one-time in nature, ongoing costs will be fully assumed by the DSS.

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**OLR Bill Analysis**

sHB 5858

**AN ACT EXTENDING PRESCRIPTION DRUG COVERAGE TO LOW-INCOME UNINSURED INDIVIDUALS.**

**SUMMARY:**

This bill expands the Connecticut Pharmaceutical Assistance Contract to the Elderly and Disabled (ConnPACE) program by increasing income limits and eliminating age and disability as program qualifications. It increases the income limits to \$17,500 for single people and \$22,000 for married couples, adjusted annually. The current limits for 2000 are \$14,700 and \$17,700 respectively. Under current law, residents must be at least age 65 or disabled.

Finally, the bill requires the Office of Policy and Management (OPM) to use money from the Tobacco Settlement Fund (TSF) to cover the ConnPACE expansion. OPM must make grants for this purpose from the Tobacco Grant Account, which is capitalized by TSF.

EFFECTIVE DATE: July 1, 2000

**BACKGROUND**

**ConnPACE**

ConnPACE provides pharmaceutical cost assistance to state residents age 65 or over and those between ages 18 and 64 with a disability, if they are not insured under a policy that provides full or partial coverage after payment of a deductible amount. The state pays for most prescription drugs after participants make a \$12 co-payment and pay an annual \$25 registration fee. The Department of Social Services (DSS) increases the annual income limits 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.

**Grant-making Process**

The OPM secretary makes grants from the Tobacco Grant Account in consultation with the House speaker, Senate president pro tempore, the House and Senate majority and minority leaders, and co-chairpersons and ranking members of the Public Health and Appropriations committees or their designees.

**BACKGROUND**

**Related Bill**

HB 5428 (File 363), favorably reported by the Human Services Committee and referred by the House to the Appropriations Committee on April 7, increases income limits for the program to \$17,500 and \$20,500 and allows a “spend down” option.

**COMMITTEE ACTION**

Insurance and Real Estate Committee

Joint Favorable Change of Reference  
Yea 17    Nay 0

Appropriations Committee

Joint Favorable Substitute Report  
Yea 47    Nay 0