



General Assembly

Substitute Bill No. 6651

January Session, 2001

**AN ACT EXPANDING ELIGIBILITY FOR PARTICIPATION IN THE
CONNPACE PROGRAM AND CONCERNING START-UP COSTS FOR
THE CONNPACE PART B PROGRAM.**

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

1 Section 1. Section 17b-490 of the general statutes is repealed and the
2 following is substituted in lieu thereof:

3 As used in sections 17b-490 to 17b-498, inclusive, as amended by
4 this act:

5 (a) "Pharmacy" means a pharmacy licensed under section 20-594 or
6 a pharmacy located in a health care institution, as defined in
7 subsection (a) of section 19a-490, which elects to participate in Part A
8 and Part B of the program;

9 (b) "Prescription drugs" means (1) legend drugs, as defined in
10 section 20-571, (2) any other drugs which by state law or regulation
11 require the prescription of a licensed practitioner for dispensing,
12 except products prescribed for cosmetic purposes as specified in
13 regulations adopted pursuant to section 17b-494, as amended by this
14 act, and on and after September 15, 1991, diet pills, smoking cessation
15 gum, contraceptives, multivitamin combinations, cough preparations
16 and antihistamines, and (3) insulin, insulin syringes and insulin
17 needles;

18 (c) "Reasonable cost" means the cost of the prescription drug
19 determined in accordance with the formula adopted by the
20 Commissioner of Social Services in regulations for medical assistance
21 purposes plus a dispensing fee equal to the fee determined by said
22 commissioner for medical assistance purposes;

23 (d) "Resident" means a person legally domiciled within the state for
24 a period of not less than one hundred eighty-three days immediately
25 preceding the date of application for inclusion in Part A or Part B of
26 the program. Mere seasonal or temporary residences within the state,
27 of whatever duration, shall not constitute domicile;

28 (e) "Disabled" means a person over eighteen years of age who is
29 receiving disability payments pursuant to either Title 2 or Title 16 of
30 the Social Security Act of 1935, as amended;

31 (f) "Commissioner" means the Commissioner of Social Services;

32 (g) "Income" means adjusted gross income as determined for
33 purposes of the federal income tax plus any other income of such
34 person not included in such adjusted gross income minus Medicare
35 Part B premium payments. The amount of any Medicaid payments
36 made on behalf of such person or the spouse of such person shall not
37 constitute income;

38 (h) "Program" means the Connecticut Pharmaceutical Assistance
39 Contract to the Elderly and the Disabled Program otherwise known as
40 ConnPACE. The program shall consist of Part A and Part B;

41 (i) "Pharmaceutical manufacturer" means any entity holding legal
42 title to or possession of a national drug code number issued by the
43 federal Food and Drug Administration;

44 (j) "Average manufacturer price" means the average price paid by a
45 wholesaler to a pharmaceutical manufacturer, after the deduction of
46 any customary prompt payment discounts, for a product distributed
47 for retail sale.

48 Sec. 2. Section 17b-491 of the general statutes is repealed and the
49 following is substituted in lieu thereof:

50 (a) There shall be a "Connecticut Pharmaceutical Assistance
51 Contract to the Elderly and the Disabled Program", Part A and Part B,
52 which shall be within the Department of Social Services. [The] Part A
53 of the program shall consist of payments by the state to pharmacies for
54 the reasonable cost of prescription drugs dispensed to eligible persons
55 minus a copayment charge, effective July 1, 1993, of twelve dollars for
56 each prescription. The pharmacy shall collect the copayment charge
57 from the eligible person at the time of each purchase of prescription
58 drugs, and shall not waive, discount or rebate in whole or in part such
59 amount.

60 (b) Notwithstanding the provisions of subsection (a) of this section,
61 effective September 15, 1991, payment by the state to a pharmacy
62 under the program may be based on the price paid directly by a
63 pharmacy to a pharmaceutical manufacturer for drugs dispensed
64 under the program minus the copayment charge, plus the dispensing
65 fee, if the direct price paid by the pharmacy is lower than the
66 reasonable cost of such drugs.

67 (c) Effective September 15, 1991, reimbursement to a pharmacy for
68 prescription drugs dispensed under the program shall be based upon
69 actual package size costs of drugs purchased by the pharmacy in units
70 larger than or smaller than one hundred.

71 (d) The commissioner shall establish an application form whereby a
72 pharmaceutical manufacturer may apply to participate in Part A and
73 Part B of the program. Upon receipt of a completed application, the
74 department shall issue a certificate of participation to the
75 manufacturer. Participation by a pharmaceutical manufacturer shall
76 require that the department shall receive a rebate from the
77 pharmaceutical manufacturer. Rebate amounts for brand name
78 prescription drugs shall be equal to those under the Medicaid
79 program. Rebate amounts for generic prescription drugs shall be

80 established by the commissioner, provided such amounts may not be
81 less than those under the Medicaid program. A participating
82 pharmaceutical manufacturer shall make quarterly rebate payments to
83 the department for the total number of dosage units of each form and
84 strength of a prescription drug which the department reports as
85 reimbursed to providers of prescription drugs, provided such
86 payments shall not be due until thirty days following the
87 manufacturer's receipt of utilization data from the department
88 including the number of dosage units reimbursed to providers of
89 prescription drugs during the quarter for which payment is due.

90 (e) All prescription drugs of a pharmaceutical manufacturer that
91 participates in Part A of the program pursuant to subsection (d) of this
92 section shall be subject to prospective drug utilization review. Any
93 prescription drug of a manufacturer that does not participate in Part A
94 of the program shall not be reimbursable, unless the department
95 determines the prescription drug is essential to program participants.

96 Sec. 3. Section 17b-492 of the general statutes is repealed and the
97 following is substituted in lieu thereof:

98 (a) Eligibility for participation in Part A of the program shall be
99 limited to any resident (1) who is sixty-five years of age or older or
100 who is disabled, (2) whose annual income [, if unmarried, is less than
101 thirteen thousand eight hundred dollars, or whose annual income, if
102 married, when combined with that of his spouse is less than sixteen
103 thousand six hundred dollars] does not exceed two hundred per cent
104 of the federal poverty level, (3) who is not insured under a policy
105 which provides full or partial coverage for prescription drugs once a
106 deductible amount is met, and (4) on and after September 15, 1991,
107 who pays an annual twenty-five-dollar registration fee to the
108 Department of Social Services. [On January 1, 1998, and annually
109 thereafter, the commissioner shall, by the adoption of regulations in
110 accordance with chapter 54, increase the income limits established
111 under this subsection over those of the previous fiscal year to reflect
112 the annual inflation adjustment in Social Security income, if any. Each

113 such adjustment shall be determined to the nearest one hundred
114 dollars.]

115 (b) Eligibility for participation in Part B of the program shall be
116 limited to any resident (1) who is sixty-five years of age or older or
117 who is disabled, (2) who does not qualify for Part A of the program, (3)
118 who is not insured under a policy that provides full or partial coverage
119 for prescription drugs once a deductible amount is met, (4) whose
120 annual income exceeds two hundred per cent of the federal poverty
121 level but does not exceed three hundred per cent of the federal poverty
122 level, and (5) who pays an annual twenty-five-dollar registration fee to
123 the Department of Social Services.

124 [(b)] (c) Payment for a prescription under Part A or Part B of the
125 program shall be made only if no other plan of insurance or assistance
126 is available to an eligible person for such prescription at the time of
127 dispensing. The pharmacy shall make reasonable efforts to ascertain
128 the existence of other insurance or assistance.

129 [(c)] (d) Any eligible resident who (1) is insured under a policy
130 which provides full or partial coverage for prescription drugs, and (2)
131 expects to exhaust such coverage, may apply to participate in Part A or
132 Part B of the program prior to the exhaustion of such coverage. Such
133 application shall be valid for the applicable income year. To be
134 included in Part A or Part B of the program, on or after the date the
135 applicant exhausts such coverage, [he] the applicant or [his] the
136 applicant's designee shall notify the department that such coverage is
137 exhausted and, if required by the department, shall submit evidence of
138 exhaustion of coverage. Not later than ten days after an eligible
139 resident submits such evidence, [he] such resident shall be included in
140 Part A or Part B of the program. [The] Part A or Part B of the program
141 shall (A) cover prescriptions that are not covered by any other plan of
142 insurance or assistance available to the eligible resident and that meet
143 the requirements of this chapter, and (B) retroactively cover such
144 prescriptions filled after or concurrently with the exhaustion of such
145 coverage. Nothing in this subsection shall be construed to prevent a

146 resident from applying to participate in Part A or Part B of the
147 program as otherwise permitted by this chapter and regulations
148 adopted pursuant to this chapter.

149 [(d)] (e) The Commissioner of Social Services may adopt regulations
150 in accordance with the provisions of chapter 54 to implement the
151 provisions of subsection [(c)] (d) of this section. Such regulations may
152 provide for the electronic transmission of relevant coverage
153 information between a pharmacist and the department or between an
154 insurer and the department in order to expedite applications and
155 notice.

156 Sec. 4. Section 17b-493 of the general statutes is repealed and the
157 following is substituted in lieu thereof:

158 A pharmacist shall, except as limited by subsection (c) of section 20-
159 619 and section 17b-274, substitute a therapeutically and chemically
160 equivalent generic drug product for a prescribed drug product when
161 filling a prescription for an eligible person under Part A and Part B of
162 the program.

163 Sec. 5. Section 17b-494 of the general statutes is repealed and the
164 following is substituted in lieu thereof:

165 The Commissioner of Social Services shall adopt regulations, in
166 accordance with the provisions of chapter 54, to establish (1) a system
167 for determining eligibility and disqualification under Part A and Part B
168 of the program, including provisions for an identification number and
169 a renewable, nontransferable identification card; (2) requirements for
170 the use of the identification number and card by the pharmacy and the
171 eligible person; (3) a system of payments; (4) limitations on the
172 maximum quantity per prescription which shall not exceed a thirty-
173 day supply or one hundred twenty oral dosage units whichever is
174 greater; (5) requirements as to records to be kept by the pharmacy,
175 including patient profiles; (6) products prescribed for cosmetic and
176 other purposes which shall not be covered under Part A and Part B of
177 the program; and (7) such other provisions as are necessary to

178 implement the provisions of sections 17b-490 to 17b-495, inclusive, as
179 amended by this act.

180 Sec. 6. Section 17b-495 of the general statutes is repealed and the
181 following is substituted in lieu thereof:

182 (a) The commissioner may enter into an agreement with a fiscal
183 intermediary which may be an agency of the state, or a person, firm or
184 public or nonprofit corporation, for the administration of the whole or
185 any part of Part A and Part B of the program. Any such contract shall
186 be subject to the provisions of sections 4a-57 and 4a-59, except that
187 preference shall be given to persons, firms or corporations doing
188 business in the state.

189 (b) The contract shall require the fiscal intermediary to submit
190 quarterly reports to the commissioner on the operation of Part A and
191 Part B of the program, including financial and utilization statistics as to
192 drug use by therapeutic category, actuarial projections, an outline of
193 problems encountered in the administration of the program and
194 suggested solutions to the same and any recommendations to enhance
195 the program.

196 (c) The commissioner shall verify the propriety and reasonableness
197 of payments to providers participating in Part A of the program,
198 through field audit examinations and other reasonable means, to the
199 extent possible within available appropriations. The commissioner
200 shall submit an annual report, on or before February first of each year,
201 to the Secretary of the Office of Policy and Management and the
202 chairpersons of the joint standing committee of the General Assembly
203 having cognizance of matters relating to appropriations and the
204 budgets of state agencies outlining the program for carrying out such
205 verifications and including the results of such verifications.

206 (d) The commissioner shall submit quarterly reports, within thirty
207 days after the end of each fiscal quarter, to the Governor and the
208 chairpersons of the joint standing committees of the General Assembly
209 having cognizance of matters relating to appropriations and the

210 budgets of state agencies and public health. The report shall include a
211 copy of the most recent report of the fiscal intermediary, if any, and (1)
212 the number of consumers eligible for Part A and Part B of the program,
213 (2) the number of consumers utilizing the program, (3) an outline of
214 and a report on the educational outreach program, (4) the number of
215 appeals, (5) an outline of problems encountered in the administration
216 of the program and suggested solutions and any recommendations to
217 enhance the program.

218 Sec. 7. Section 17b-496 of the general statutes is repealed and the
219 following is substituted in lieu thereof:

220 Any person aggrieved by any action of the commissioner in
221 connection with the administration of Part A or Part B of the program
222 shall have a right to a hearing before the commissioner in accordance
223 with the provisions of chapter 54.

224 Sec. 8. Section 17b-498 of the general statutes is repealed and the
225 following is substituted in lieu thereof:

226 The Commissioner of Social Services shall undertake an educational
227 outreach program to make known the provisions of Part A and Part B
228 of the program to the public, with emphasis on reaching the elderly
229 and the disabled in the state through the various local and state-wide
230 agencies and organizations concerned with the elderly and the
231 disabled, and to all pharmacies and physicians in the state.

232 Sec. 9. Subsection (b) of section 29 of public act 00-2 of the June
233 special session is amended to read as follows:

234 (b) (1) The plan developed by the Commissioner of Social Services
235 under subsection (a) of this section may include, but shall not be
236 limited to, the following: (A) A reasonable application fee for
237 applicants of the program; (B) a prescription drug benefit where
238 recipients may receive prescription drugs at a reduced cost which to
239 the extent possible is at or below the current Medicaid rate; (C) a
240 manufacturers' drug rebate agreement which equals the rebates

241 established under the Medicaid program and which may require a
242 manufacturer participating in the ConnPACE program to participate
243 in the ConnPACE Part B program; (D) a provision establishing a
244 dispensing fee and additional subsidies paid to a pharmacist
245 participating in the program; (E) an eligibility income limitation based
246 on a percentage of the federal poverty level; and (F) an eligibility
247 provision whereby income spent on catastrophic costs of prescription
248 drugs would not be counted in a determination of eligibility.

249 (2) Such plan shall include a fiscal impact analysis which specifies
250 (A) the overall program and administrative costs, including projections
251 of costs associated with any fees or subsidies provided to a pharmacist
252 participating in the program, any costs associated with the eligibility
253 determination and claims processing requirements of a ConnPACE
254 [part] Part B program and any potential program start-up costs, and
255 (B) projections of revenues, including anticipated manufacturer
256 participation and rebates and revenues associated with an application
257 fee. Program expenditures and administrative costs, except non-on-
258 going start-up expenses, under such plan shall not exceed estimated
259 revenues from such program.

260 Sec. 10. This act shall take effect July 1, 2001.

HS

Joint Favorable Subst. C/R

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