

FIRST REGULAR SESSION  
HOUSE COMMITTEE SUBSTITUTE FOR  
**HOUSE BILL NO. 824**  
**91ST GENERAL ASSEMBLY**

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Reported from the Committee on Children, Families and Health March 15, 2001, with recommendation that the House Committee Substitute for House Bill No. 824 Do Pass.

TED WEDEL, Chief Clerk

1684L.03C

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**AN ACT**

To repeal section 135.095, RSMo 2000, and to enact in lieu thereof one new section relating to a pharmaceutical investment program for seniors, with an effective date.

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*Be it enacted by the General Assembly of the state of Missouri, as follows:*

Section A. Section 135.095, RSMo 2000, is repealed and one new section enacted in lieu thereof, to be known as section 208.550, to read as follows:

**208.550. 1. As used in this section, the following terms mean:**

- (1) "Department", the department of social services;**
- (2) "Medicaid", the program for medical assistance established pursuant to Title XIX of the federal Social Security Act and administered by the department;**
- (3) "Missouri adjusted gross income", the amount of income reported on the Missouri income tax return, as defined in section 143.121, RSMo. For purposes of this section, any individual not required to file a Missouri income tax return shall calculate Missouri adjusted gross income on a form as prescribed by the director of the department of social services. For purposes of this section, Missouri adjusted gross income shall be the Missouri adjusted gross income of the applicant for the previous tax year;**
- (4) "Missouri resident", an individual who establishes residence for a period of six months in a settled or permanent home or domicile within the state of Missouri with the intention of remaining in this state. An individual is a resident of this state until the individual establishes a permanent residence outside this state;**
- (5) "Program", the pharmaceutical investment program for seniors (PIPS)**

**EXPLANATION —** Matter enclosed in bold faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

16 established pursuant to this section.

17       **2. The department of social services shall establish a "Pharmaceutical Investment**  
18 **Program for Seniors" to help defray the costs of prescription drugs for elderly Missouri**  
19 **residents. The following Missouri residents shall be eligible to participate in the program:**

20       **(1) Any person sixty-five years of age or older, with a Missouri adjusted gross**  
21 **income at or below twenty-five thousand dollars and a total family Missouri adjusted gross**  
22 **income of fifty thousand dollars or less who is not currently ineligible pursuant to**  
23 **subsection 3 of this section or receiving Medicaid benefits. Such person shall demonstrate**  
24 **that his or her estimated annual prescription drug costs will exceed one thousand five**  
25 **hundred dollars;**

26       **(2) For a married couple in which at least one spouse is sixty-five years of age or**  
27 **older, with an annual Missouri adjusted gross income at or below fifty thousand dollars,**  
28 **and neither person is currently ineligible pursuant to subsection 3 of this section or**  
29 **receiving Medicaid benefits:**

30       **(a) If only one spouse is sixty-five years of age or older, such spouse shall be eligible**  
31 **if his or her Missouri adjusted gross income is at or below twenty-five thousand dollars and**  
32 **his or her estimated annual prescription drug costs will exceed one thousand five hundred**  
33 **dollars;**

34       **(b) If both spouses are sixty-five years of age or older, both spouses shall be eligible**  
35 **if their estimated annual prescription drug costs will exceed three thousand dollars;**

36       **(3) Any person sixty-five years of age or older, with a Missouri adjusted gross**  
37 **income in excess of twenty-five thousand dollars and a total family Missouri adjusted gross**  
38 **income in excess of fifty thousand dollars who is not currently ineligible pursuant to**  
39 **subsection 3 of this section or receiving Medicaid benefits, if such person's estimated**  
40 **annual pharmaceutical costs will exceed ten percent of such person's Missouri adjusted**  
41 **gross income. Such person shall be eligible to participate in the program after such person**  
42 **has expended ten percent of his or her Missouri adjusted gross income; or**

43       **(4) A married couple in which both persons are sixty-five years of age or older, with**  
44 **a family Missouri adjusted gross income in excess of fifty thousand dollars who are not**  
45 **currently ineligible pursuant to subsection 3 of this section or receiving Medicaid benefits,**  
46 **if such couple's estimated annual pharmaceutical costs will exceed ten percent of such**  
47 **couple's family Missouri adjusted gross income. Such couple shall be eligible to participate**  
48 **in the program after such couple has expended ten percent of their family Missouri**  
49 **adjusted gross income.**

50       **3. Any person who has coverage for pharmaceutical benefits through a health**  
51 **benefit plan, as defined in section 376.1350, RSMo, including a Medicare supplement or**

52 Medicare-Choice plan, or through a self-funded employee benefit plan shall not be eligible  
53 to participate in the pharmaceutical investment program for seniors. The department shall  
54 define by rule those persons who shall be defined as eligible for comparable  
55 pharmaceutical benefits or who have income sufficient to purchase other pharmaceutical  
56 benefits. Persons eligible for comparable pharmaceutical benefits or who have income  
57 sufficient to purchase comparable pharmaceutical benefits shall not be eligible to  
58 participate in the pharmaceutical investment program created in this section.

59 4. Applicants for the program shall submit an annual application to the  
60 department, or the department's designee, that attests to the age, residence, annual  
61 household income and estimated annual prescription drug costs for an individual or  
62 couple, if married. The department shall prescribe by rule the form of the application for  
63 enrollment in the program.

64 5. Upon notification of eligibility, an enrollee may access the program by meeting  
65 the cost-sharing obligation through a monthly deductible calculated and based on one of  
66 the following:

67 (1) If the enrollee's Missouri adjusted gross income is at or below twelve thousand  
68 dollars for an individual or twenty-four thousand dollars for a couple, the monthly  
69 deductible is one-twelfth of eight hundred dollars for an individual or one-twelfth of  
70 sixteen hundred dollars for a couple;

71 (2) If the enrollee's Missouri adjusted gross income is between twelve thousand one  
72 dollars and sixteen thousand dollars for an individual or twenty-four thousand one dollars  
73 and thirty-two thousand dollars for a couple, the monthly deductible is one-twelfth of one  
74 thousand two hundred fifty dollars for an individual or one-twelfth of twenty-five hundred  
75 dollars for a couple; or

76 (3) If the enrollee's Missouri adjusted gross income is between sixteen thousand one  
77 dollars and twenty-five thousand dollars for an individual or thirty-two thousand one  
78 dollars and fifty thousand dollars for a couple, or the enrollee meets the requirements of  
79 subdivision (3) or (4) of subsection 2 of this section, the monthly deductible is one-twelfth  
80 of one thousand five hundred dollars for an individual or one-twelfth of three thousand  
81 dollars for a couple.

82

83 For any month in which the enrollee does not meet the deductible, the difference between  
84 the monthly deductible and the actual expenditure on prescription drugs shall be added  
85 to the next month's deductible.

86 6. Every applicant shall be assessed for Medicaid eligibility. Nothing in this section  
87 shall be construed as requiring an applicant to accept Medicaid benefits in lieu of

88 participation in this program.

89       7. Enrollees shall pay a two dollar co-payment for a generic prescription drug or  
90 a brand name prescription drug when a recognized generic drug is not available and a  
91 fifteen dollar co-payment for a brand name prescription drug when a recognized generic  
92 prescription drug is available. Such co-payment shall be used to reduce the state's cost for  
93 the program. In addition, each enrollee shall pay an annual twenty-five dollar co-payment  
94 to offset the administrative costs of the program. Nothing in this subsection shall be  
95 construed as permitting therapeutic substitutions.

96       8. In providing program benefits, the department may enter into a contract with  
97 a private individual, corporation or agency to manage the program and take measures  
98 necessary to obtain the best available quarterly voluntary manufacturer rebate. The  
99 dispensing rate and ingredient reimbursement rate shall be equal to the Medicaid  
100 reimbursement rate.

101       9. The department shall collaborate with the division of aging in the department  
102 of health and utilize area agencies on aging, senior citizens centers and other senior focused  
103 entities to provide outreach, enrollment assistance and education services to potentially  
104 eligible seniors for the pharmaceutical investment program for seniors.

105       10. The department shall submit quarterly reports to the governor, the senate  
106 appropriations committee, and the house of representatives budget committee, the speaker  
107 of the house of representatives and the president pro tem of the senate, that include:

108       (1) Quantified data as to the number of program applicants and enrollees  
109 subsequently found eligible for Medicaid;

110       (2) An estimate of whether the current rate of expenditures will exceed the existing  
111 appropriation for the program in the current fiscal year; and

112       (3) Recommendations for changes to the deductibles and co-payments for enrollees  
113 in the program.

114       11. The program established in this section is not an entitlement. The  
115 pharmaceutical investment program for seniors is a payer of last resort. If the federal  
116 government establishes a pharmaceutical assistance program that covers program eligible  
117 seniors under Medicare or another program, the pharmaceutical insurance program for  
118 seniors shall cover only eligible costs not covered by the federal program.

119       12. The department may promulgate rules to implement the provisions of this  
120 section. No rule or portion of a rule promulgated pursuant to the authority of this section  
121 shall become effective unless it has been promulgated pursuant to chapter 536, RSMo.

2               [135.095. For all tax years beginning on or after January 1, 1999, but before  
3               January 1, 2005, a resident individual who has attained sixty-five years of age on or  
              before the last day of the tax year shall be allowed, for the purpose of offsetting the

4 cost of legend drugs, a maximum credit against the tax otherwise due pursuant to  
5 chapter 143, RSMo, not including sections 143.191 to 143.265, RSMo, of two  
6 hundred dollars. An individual shall be entitled to the maximum credit allowed by  
7 this section if the individual has a Missouri adjusted gross income of fifteen thousand  
8 dollars or less; provided that, no individual who receives full reimbursement for the  
9 cost of legend drugs from Medicare or Medicaid, or who is a resident of a local, state  
10 or federally funded facility shall qualify for the credit allowed pursuant to this  
11 section. If an individual's Missouri adjusted gross income is greater than fifteen  
12 thousand dollars, such individual shall be entitled to a credit equal to the greater of  
13 zero or the maximum credit allowed by this section reduced by two dollars for every  
14 hundred dollars such individual's income exceeds fifteen thousand dollars. The  
15 credit shall be claimed as prescribed by the director of the department of revenue.  
16 Such credit shall be considered an overpayment of tax and shall be refundable even  
17 if the amount of the credit exceeds an individual's tax liability.]  
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Section B. Section 208.550 of section A of this act shall become effective July 1, 2002.