

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

BILL: SM 1180

SPONSOR: Senator Peaden

SUBJECT: Medicare Prescription Drug Benefit

DATE: March 26, 2003 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Munroe</u>	<u>Kassack</u>	<u>RC</u>	<u>Favorable</u>
2.	_____	_____	_____	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

The memorial urges the Congress of the United States to enact financially sustainable, voluntary, universal, and privately administered out-patient prescription drug coverage as part of the federal Medicare program. The whereas clauses of the memorial express legislative findings.

II. Present Situation:

The costs of outpatient prescription drugs, which are not covered by Medicare, represent a substantial out-of-pocket burden for many elderly persons. This lack is often cited as a major shortcoming of the Medicare program, the federal health insurance program for older and disabled Americans. There is a direct correlation between advancing age and the number of prescription drugs taken. Although Americans over 65 make up only 12 percent of the population, they take 25 percent of all prescribed drugs sold in the United States.

As a direct result of high out-of-pocket costs of drugs, many people do not ask doctors for the prescriptions they need, do not fill the prescriptions they are given, use lower doses of drugs than those prescribed and take their drugs less often than they should. The higher a person's out-of-pocket costs for drugs, the more likely they are to be noncompliant. This compromises the effectiveness of controlling the progression of chronic disease, resulting in greater use of hospital emergency rooms or other urgent care.

Approximately 65 percent of non-institutionalized Medicare beneficiaries have some form of prescription drug coverage; however, the level of this coverage varies. Most of these individuals with prescription drug coverage receive their drug coverage through private supplemental insurance, either through employer-sponsored plans or individually purchased private policies. Some Medicare beneficiaries with prescription drug coverage are members of Medicare HMOs.

The scope and availability of Medicare HMO prescription drug coverage varies widely within and across market areas. Approximately 10 percent of Florida Medicare beneficiaries have coverage through the Medicaid program.

III. Effect of Proposed Changes:

The memorial expresses legislative findings that the use of prescription drugs improves the quality of care and helps patients live healthier, longer, and more productive lives while keeping them out of more costly acute care settings in the long term. The increased use of new and improved prescription drugs has changed the delivery of health care in the United States since Medicare was enacted, and while two-thirds of the Medicare population has some form of prescription drug coverage, although it many times is inadequate, one-third of Medicare beneficiaries have no coverage at all. Congress did not enact a drug benefit in the Medicare program, and therefore the program is inadequate in providing the elderly and disabled the most appropriate drug therapies, preventing the delivery of quality health care at an affordable cost. The private sector provides affordable coverage by negotiating discounts on drugs and meeting the needs of special populations with chronic diseases and those with co-morbidities through coordinating care with disease management, drug utilization review, and patient education programs, all of which aid in ameliorating medical errors. Comprehensive reform of the Medicare program would use the successful tools of the private sector in coordinating care for this population and use the marketplace to foster competition among private plans, resulting in more choices of quality coverage for seniors and the disabled while maintaining the financial sustainability of the program. Congress's inaction has failed to provide for comprehensive reform of Medicare, encouraging states to use their own resources to ease the burden of their elderly and disabled populations and effectively to assume an unfunded, informal mandate. In implementing state programs to assist the Medicare population, state budgetary constraints can often result in requirements to restrict and limit the patient's access to needed prescription drugs, and enact anticompetitive price controls.

The memorial urges the Congress of the United States to enact financially sustainable, voluntary, universal, and privately administered out-patient prescription drug coverage as part of the federal Medicare program.

The Legislature of the State of Florida resolves that a copy of this memorial be delivered to the President of the United States, the President of the United States Senate, to the Speaker of the United States House of Representatives, and to each member of the Florida delegation to the Congress of the United States.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

The provisions of this bill have no impact on municipalities and the counties under the requirements of Article VII, s. 18 of the Florida Constitution.

B. Public Records/Open Meetings Issues:

The provisions of this bill have no impact on public records or open meetings issues under the requirements of Art. I, s. 24(a) and (b) of the Florida Constitution.

C. Trust Funds Restrictions:

The provisions of this bill have no impact on the trust fund restrictions under the requirements of Article III, Subsection 19(f) of the Florida Constitution.

V. Economic Impact and Fiscal Note:**A. Tax/Fee Issues:**

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.