

EXECUTIVE SUMMARY

While the nation debates the inclusion of a prescription drug benefit for Medicare beneficiaries, the State of Maine wishes to do something about the lack of a prescription drug benefit for its low-income citizens. Maine expects that by providing access to a discounted drug benefit, low-income individuals will improve their health status and reduce other medical costs.

Specifically, Maine proposes to expand Medicaid eligibility for prescription drugs to all individuals with household income up to 300 percent of the federal poverty level. The proposed benefit package is a discount on the current Medicaid prescription drug benefit, which covers legend drugs and specific over-the-counter drugs.

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CHAPTER I OVERVIEW

Under this demonstration the State of Maine is seeking to improve access to prescription drugs for its low-income citizens who do not have prescription drug coverage.

A. DESIGN

Maine proposes to expand Medicaid eligibility for discounted prescription drugs to individuals with household income up to 300 percent of the federal poverty level. Demonstration participants would pay the Medicaid rate for prescription drugs less the program subsidy, which would be based on the average rebate received by the State.

A comprehensive discussion of the program design can be found in Chapter II. A description of the events leading to the State's decision to pursue this waiver is provided below.

B. HISTORY AND PROCESS TO DATE

The events leading up to the application for this waiver have been unfolding in Maine over several years. Maine implemented a state-only subsidized drug program, the Maine Drugs for the Elderly Program, in 1978. The so-called DEL program provided low-cost prescription and non-prescription drugs to treat specified illnesses for disadvantaged elderly and disabled adults age 55 and older.

During the First Regular and First Special Sessions of the 118th Legislature, the Maine Legislature and the Governor wrestled with issues concerning taxes on tobacco products, improving the health of Maine citizens and whether and how those issues should be connected. Despite the existing DEL program, it was believed that access to prescription drugs was still a problem for many elderly persons. As a result, the 118th Legislature created a task force to determine and recommend methods to improve access to prescription drugs for the State's elderly citizens (the Task Force on Improving Access to Prescription Drugs for the elderly). The meetings of the Task Force were open to the public and advertised in the major Maine daily newspapers.

The Task Force formulated its recommendations by assessing the DEL program. Hours of thoughtful and often wrenching testimony from consumers and advocates were evaluated. The Task Force identified several inadequacies in the

existing drugs for the elderly program. Subsequently, over 30 bills were proposed to expand access to prescription drugs in some fashion. Several hearings were held and public testimony was invited at all of these hearings.

Ultimately, the Maine Legislature passed a law (22 MRSA Section 254) instructing the Department of Human Services to seek an 1115 waiver to provide prescription drug coverage under the Medicaid program to disabled adults ages 19 and over and the elderly ages 62 and over with income below 185 percent of the federal poverty level. Public involvement continued throughout the development of this waiver proposal. The initial concept paper was distributed for review to Maine Equal Justice Partners, an organization that advocates for low income clients in the legislature. Comments and suggestions from Maine Equal Justice Partners were incorporated in the design of the waiver the Department submitted to the HCFA in January of 2000. The State is currently awaiting formal comments on this waiver from the HCFA.

In the meantime, income and benefits under the State-only drugs for the elderly program have been expanded. As of August 1, 1999, income eligibility was expanded to 185 percent of the FPL and the age criteria for the disabled was lowered to 19. The program was also expanded to include a basic drug benefit and a supplemental drug benefit. Under the basic drug benefit, prescription drugs for specified chronic illnesses are covered by the State with a \$2.00 or 20 percent coinsurance payment from the consumer. Under the supplemental drug benefit the State pays \$2.00 per prescription for any prescription not covered under the basic program, and the consumer pays the remainder. The price of the drug to the consumer is the same price of the drug to the State under the Medicaid program. The public reception to this expanded program has been overwhelming.

As of August of 2000, the program was further expanded to include all generic drugs in the 80%/20% benefit program. In addition, a cap on catastrophic out-of-pocket drug expenses was added – this cap has been set initially at \$1,000 per program year.

In addition to these programs to provide drug coverage for the low-income elderly and disabled, in the spring of 2000, Maine enacted a law that established the Maine Rx Program. This program was established to reduce prescription drug prices for all uninsured and under-insured State residents. The law requires State officials to negotiate pharmacy rebates and discounts and authorizes the establishment of maximum prices, beginning in 2003, if sufficient rebates/discounts have not been negotiated by then. Implementation was scheduled to begin January 2001. However, in October the United States District Court for Maine issued an injunction against implementation of most of the law. The State has appealed the injunction, but a hearing is not scheduled until March. In the meantime, the State will sign selective rebate agreements with

manufacturers of the 100 most frequently prescribed drugs in the State, which constitute almost half of all prescription drug costs in the State.

CHAPTER II DEMONSTRATION DESIGN

The Prescription Drug Discount Program will allow the State of Maine to provide a discounted prescription drug benefit to individuals with household incomes up to 300 percent of the federal poverty level (FPL) who do not have adequate prescription drug coverage. Demonstration participants will be able to purchase Medicaid covered drugs at the Medicaid price, net of the average Medicaid rebate. This chapter describes the major features of the program design.

A. ELIGIBILITY

Eligibility for the Prescription Drug Discount Program will be determined as part of the Medicaid eligibility process. Any individual that meets the eligibility criteria outlined below will be eligible for 12 continuous months. Eligibility will not be retroactive. Redeterminations will be made every 12 months.

Maine proposes to expand Medicaid eligibility for discounted prescription drugs to individuals with incomes up to 300 percent of the FPL. An assets test will *not* be applied, but Medicaid rules for income verification may be applied.

Individuals with third party prescription drug coverage will be eligible for the demonstration, however it is not expected that individuals with adequate coverage will use this program in place of this coverage. Information on third party prescription coverage will be collected as part of the eligibility process and used to enforce Medicaid third party payer laws.

Participants will be required to meet general Medicaid eligibility requirements, e.g., be United States citizens/qualified aliens, be Maine residents, and not be residents of a public institution.

Eligibility Overlap

The eligibility criteria for the Prescription Drug Discount Program is intended to include individuals that are receiving a Medicaid benefit in the form of payment of Medicare cost-sharing but are not eligible for the full Medicaid benefit package (e.g., QMBs, SLMBs and QDWIs).

Maine recently created the opportunity for the Working Disabled to buy into Medicaid. The eligibility criteria for Working Disabled (unearned income of less than 100 percent of the FPL and combined unearned and earned income of less than 250 percent of the FPL) overlaps with the eligibility criteria for the

Prescription Drug Discount Program. This population will have the option to enroll in the Prescription Drug Discount Program or buy-into the full Medicaid benefit package.

Some participants may also have access to the State-funded Drugs for the Elderly and Disabled Program. This demonstration will provide “wraparound” discounts for drugs covered under the State-funded Drugs for the Elderly and Disabled Program, however, in practice it is expected that only the catastrophic cap portion of the supplemental State program will be affected. Eligibility determinations under this demonstration program will be coordinated with determinations made under the State-only program.

B. ENROLLMENT

To ensure that program applicants are receiving all of the benefits they are entitled to, the application process currently used for Medicaid will be expanded to include the Prescription Drug Discount Program. By expanding the process currently in use, Maine creates an opportunity for enhanced coordination. For example, if a disabled person with income below 100 percent of the FPL and less than \$2,000 in assets applies for only the Prescription Drug Discount Program, the State will have the opportunity to inform the individual that they may be eligible for the full Medicaid benefit package. Conversely, if an individual applies for Medicaid, but is found not to be eligible they can be referred to the Prescription Drug Discount Program.

Enrollment forms will be available through Area Agencies on Aging, Community Action Programs, the Department of Human Services and Community Health Centers and may be returned through the mail to the State when completed.

Each eligible participant in the Prescription Drug Discount Program will pay an enrollment fee (estimated to be \$25 or less in CY 2001) and will be issued an eligibility card containing a program ID number and the time period for which the eligibility card is valid.

C. OUTREACH AND MARKETING

The Bureau of Medical Services, either directly or through the use of a subcontractor, will oversee outreach and marketing for the Prescription Drug Discount Program. The objective of the outreach and marketing efforts will be to communicate what the program is, who it is available to, and how it can be accessed.

Written education plans for consumers and providers will be developed in conjunction with individuals and providers involved in and affected by the program. For consumers, the State will provide information on enrollment and define the Prescription Drug Discount Program for the benefit of two populations: individuals already enrolled in the State-only program; and individuals that are not enrolled in the State-only program.

Education materials for consumers will explain the benefit, highlight differences in covered benefits over the State-only program, explain what steps State-only program participants must take to enroll, and explain what steps individuals not enrolled in the State-only program must take to enroll.

For providers, the State will explain the impact of this program on the State-only program, define the benefit, and provide information on where to direct patients that may be eligible for enrollment. The State will target physicians that authorized prescriptions under the State-only program and pharmacies for education. Pharmacies will also be educated on the process for filing claims under the new program.

Outreach and marketing will occur through the major access points to services, such as pharmacies, the Bureau of Elder and Adult Services, and Area Agencies on Aging. Education materials will consist of multi-media including flyers, direct mail letters, and public service announcements on radio and television and in print media.

D. BENEFITS

Individuals eligible for the Prescription Drug Discount Program will be able to purchase prescription drugs at a price that is equivalent to the price that Medicaid pays (which will include the Medicaid dispensing fee) less the established program subsidy. The program subsidy will be established annually based on the average rebate for the most recent fiscal year. The subsidy will be the same for each prescription filled/re-filled. Given the estimated current average rebate of 18% of gross pharmacy expenditures, the subsidy is expected to be approximately 15% to allow for the uncertainty in the exact amount of the rebate. Beneficiaries will pay the Medicaid price (which will include the Medicaid dispensing fee) less the program subsidy. Beneficiaries will also pay an annual enrollment fee, which is estimated to be \$25 in 2001.

Demonstration participants will be able to purchase any drugs covered by the Maine Medicaid prescription drug benefit package, which only covers drugs of manufacturers that have entered into a rebate agreement with HCFA. This package includes legend drugs and specific over the counter drugs (e.g., insulin,

needles and syringes, urine or blood test strips for diabetes, etc.). Drugs that require prior authorization and drugs covered for certain diagnoses only will be supplied according to current Medicaid protocols (see Utilization Management below). There will be no arbitrary limit on the frequency, total number or cost of the prescriptions filled, but they must be medically necessary and appropriate to meet the needs of the patient. All prescriptions must be initially dispensed within thirty days of the date prescribed, and refills will not be made if more than one year has passed since the date of the original issue.

Utilization Management

Maine has implemented a range of rules and procedures to ensure medically appropriate prescription drug utilization under the Medicaid program. These rules and procedures will also apply to the Prescription Drug Discount Program. They include:

- Reimbursement at Federal Upper Limit (FUL) and Maine Maximum Allowable Charge (MMAC) rates
- Require authorization prior to provision for specified drugs (e.g., brand name controlled substances)
- Certain drugs are covered for certain diagnosis only (e.g., methylphenidate and dextraamphetamine for attention deficit disorders or narcolepsy only)
- No coverage for certain drugs (e.g., cosmetic agents and legend drugs that become available as OTC even if some brand name drugs remain as legend)
- Generic drugs rated as A in the current edition of the FDA Orange Book must be dispensed if available at a lower cost than the brand name product, unless the physician indicates the brand name product is medically necessary
- All prescriptions must be dispensed within 30 days of the date prescribed
- Reimbursement will not be made for amounts dispensed in more than a 34 day supply unless the recipient will be out-of-state and will not return before a refill is needed
- Extensive prospective drug edits to avoid drug interactions and side effects.

- The Maine Medicaid program is now implementing prior authorization requirements for high-cost drugs where other equally and more cost effective drugs are available.

E. SERVICE DELIVERY

Given this is a Medicaid demonstration program, all pharmacies participating in the Medicaid program will automatically be enrolled to participate in the Prescription Drug Discount Program. All providers must abide by the program rules specified in the Maine Medical Assistance Manual, Chapter II, Section 80, Pharmacy Services. Any pharmacy currently participating in the State-only program will be deemed a participant in the Prescription Drug Discount Program. Pharmacies that only desire to participate in the Prescription Drug Discount Program will be required to meet the same requirements as Medicaid providers.

Demonstration participants will pay the discounted price at the point of sale. Upon payment the pharmacy provider will dispense the drug and submit a claim showing the beneficiary payment. The pharmacy provider will submit claims using the Maine Point of Purchase System (MePOPS), which is installed in all participating pharmacies in the State. MePOPS will use all existing Medicaid functionality including: participant's eligibility, perform all required edits and audits (including reviewing the prescription for duplication/early refill and contraindications to health), price the prescription per the Maine Medical Assistance Manual, notify the provider of the results, and adjudicate the claim. The pharmacy provider will identify the prescription by using the National Drug Code (NDC) and specifying the number of units dispensed. This information will be entered and stored in MePOPS. The pharmacy provider will be paid the difference between the amount paid by the beneficiary and the Medicaid price for that prescription (including the dispensing fee).

CHAPTER III PROGRAM ADMINISTRATION

The Prescription Drug Discount Program will be administered by the Department of Human Services (DHS). DHS is headed by Commissioner Kevin Concannon and includes the Bureau of Elder and Adult Services (BEAS), Bureau of Child and Family Services (BCFS), Bureau of Family Independence (BFI), the Bureau of Health (BOH), and the Bureau of Medical Services (BMS). The Director of BMS is responsible for administration of Maine's Medicaid program, including its fee-for-service component and Maine PrimeCare, the State's primary care case management program. Prime responsibility for the administration of the Prescription Drug Discount Program will be under the purview of BMS.

A. CURRENT STRUCTURE

Bureau of Medical Services

BMS is responsible for the administration of Medicaid, CubCare, Maine PrimeCare and the state-only prescription drug benefit for the elderly and disabled. Responsibility for the management of these programs falls across five divisions: Program Evaluations, Quality Improvement, Finance and Reimbursement Services, Policy and Programs, and Licensing and Certification. In addition, the BMS is supported by a Deputy Director, Assistant Director, and Medical Director.

The Division of Program Evaluation is responsible for the information system and analysis needs of the Bureau. The Director of this Division is responsible for designing, planning, installing and supporting all of the Bureau's information systems. This division in conjunction with the Department of Technical Services will have responsibility for implementing the systems modifications necessary to successfully process claims for the Prescription Drug Discount Program.

The Division of Quality Improvement is responsible for monitoring provider and recipient compliance with Maine Medicaid program policies and regulations, developing quality improvement standards, and evaluating the quality of recipient care. Additionally, this division is responsible for determining medical eligibility. Quality improvement will be responsible for monitoring quality and will take the lead on implementing the research design for the Prescription Drug Discount Program. The Director will coordinate these efforts with the Bureau's Medical Director and the Pharmacists now reporting to this Division.

The Division of Finance and Reimbursement Services has responsibility for acute and long-term care financing, the certificate of need program, claims management and third party liability and recovery. This division will be responsible for tracking and analyzing rebates generated by the Prescription Drug Discount Program.

The Division of Policy and Programs is responsible for developing and explaining Medicaid policies. This Division will develop the regulations governing the demonstration program. Policy and Programs also provides information, education and assistance to both providers and consumers and has responsibility for responding to providers' inquiries regarding client eligibility, status of claims and resolution billing issues. As such, this Division will assist in the on-going education of providers and consumers and resolution of day-to-day provider inquiries related to the Prescription Drug Discount Program. The State anticipates using a contractor to assist in this process as well.

The Division of Licensing and Certification is responsible for the State licensing of health care facilities and agencies and will not have a direct role in this project.

B. NEW STRUCTURE

The administration of the Prescription Drug Discount Program will not require any new structures. Resources will be augmented as needed to assist with the operation and management of the Prescription Drug Discount Program – both State agencies and contractors as needed. Eligibility for the new Prescription Drug Discount Program will be coordinated with the current Medicaid eligibility functions performed by the Bureau of Family Independence (BFI), and the Drugs for the Elderly and Disabled Program eligibility functions performed by the Maine Revenue Service.

C. SYSTEMS SUPPORT

Maine's computer systems, including the Maine Medicaid Decision Support System (MMDSS) and the Maine Point of Purchase System (MePOPS), will provide the systems support for administration of the Prescription Drug Discount Program. MMDSS was built to provide past and current data from multiple systems directly to line users as well as data analysts and report writers. MMDSS is used both within BMS and by other bureaus, departments, and agencies involved in the administration of the Medicaid program. MMDSS takes advantage of three tier client/server technology to provide a stronger data delivery system than had previously existed. MMDSS has empowered users and units to

create more detailed, comprehensive and flexible data analysis. It has opened up new paths of research, knowledge, and understanding to users and units that were not possible previously.

MePOPS was installed in 1996 in all pharmacies in the State. This system captures over 3 million claims per year. Averaging 8 to 15 thousand transactions per day, the system checks eligibility, reviews the prescription for duplication/early refill, reviews for contraindications to health, and processes the transaction for payment. MePOPS has substantially reduced the volume of claims resubmissions. In September 1995 over 10,000 claims were rejected for errors and had to be reprocessed; in September 1996 that number dropped to 32.

The MMDSS has allowed BMS to do comparison studies of patients, regions, providers, and drugs. It has been used to perform cost-based analysis of other programs over time. It has been used to monitor the appropriateness of care and charges for vulnerable populations. Data, and the ability to "mine" it in real time in multiple iterations was critical in the analysis that is currently going into the daily management of the State Medicaid program. The ability to get results instantly, to refine and rerun queries, to export results in a format that can be easily imported to a wide variety of analysis and reporting tools has allowed researchers and managers to have more control of their data and more flexibility in its use. It will give them a tool with which they can monitor the Prescription Drug Discount Program and respond in a timely manner.

D. IMPLEMENTATION SCHEDULE

The timeframe for implementation of the Prescription Drug Discount Program is fairly aggressive. The target start date is July 1, 2001. Since the program will be integrated and administered through the current Department of Human Services structure and supported by the current Medicaid information system, the State of Maine is confident that operation of the program can begin on July 1, 2001.

CHAPTER IV RESEARCH OBJECTIVE AND EVALUATION DESIGN

The objective of the demonstration is to provide low-income Maine citizens with access to discounted prescription drugs, thereby assisting individuals with limited incomes to access pharmaceuticals in order to maintain or prevent deterioration of their health status.

This chapter presents a plan that could be used by an independent evaluator to analyze the impact of providing discounted prices on prescription drugs to low-income populations.

A. OBJECTIVE

This demonstration is designed to test an innovative approach to maintaining the health status of individuals by providing an important service that, if not available, could impact either their quality of life or health status. The issue of providing drug coverage to the Medicare population is currently being debated nationally. Under this demonstration, HCFA would have the opportunity to directly evaluate the impact of adding prescription drug services to the Medicare program.

The evaluation would assess the impact of the demonstration on both participants and the health care system. To determine whether observed effects are due to the demonstration or other variables, both quantitative and qualitative data and information could be gathered. In addition, where possible, control groups could be used to demonstrate the effectiveness of the demonstration.

Three major research questions that may be explored through this demonstration are:

1. Health Status and Quality: What impact does the demonstration have on the health of the waiver participants?
2. Utilization Patterns: Does the design of the demonstration cause a shift in the types of services obtained by waiver participants?
3. Public Policy and Planning: How does the demonstration affect the development of State and Federal health policy, including changes to Medicaid and Medicare?

B. HYPOTHESES AND RESEARCH QUESTIONS

This section outlines potential hypotheses for each of the preceding research questions. These hypotheses are not intended to be definitive but to break down the research questions into their component parts and illustrate how they could be addressed by an evaluator.

1. Health Status and Quality: What impact does the demonstration have on the health of the waiver participants?

The general health of the waiver participants is expected to deteriorate less because they will be more likely to utilize their prescriptions as written. Access to the pharmacy benefit should reduce complications resulting from the underutilization of prescribed drugs, particularly for chronic conditions such as diabetes. In addition, the DUR component of the benefit is likely to reduce the number of iatrogenic events associated with inappropriate use of pharmaceuticals.

Possible hypotheses include the following:

- The health status of participants will not deteriorate to the same extent as non-participants
- The availability of drug coverage for participants will increase their quality of life (self-reported or functional status measure)
- The rate of hospital and nursing home admissions and the length of stay (LOS) resulting from complications of chronic conditions will decrease relative to non-participants

An independent evaluator could measure the impact of the demonstration on the health status of participants by answering the following questions:

- For specific illnesses, e.g., diabetes or congestive heart failure, do waiver participants show a better outcome – as measured by number of hospital and/or nursing home stays, for example – than similar individuals who are not in the waiver?
- Does the rate of hospitalizations associated with iatrogenic events decline for participants relative to non-participants?
- What is the self-reported health status of waiver participants at the onset of coverage, after one year, two years and three years of coverage?

- Is the quality of life of participants better than non-participants?

2. Utilization Patterns: Does the design of the demonstration cause a shift in the types of services obtained by waiver participants?

Because drug therapies will be readily accessible, waiver participants with chronic conditions should have fewer inpatient and outpatient hospital and nursing home stays because of complications resulting from their conditions. Adherence to drug regimens should also decrease utilization of emergency rooms. Possible hypotheses include the following:

- Participants with chronic conditions will have a lower rate of hospital and nursing home admissions and shorter lengths of stay as compared to non-participants
- The rate of emergency room visits will be lower for the demonstration population as compared to non-participants

An independent evaluator could measure the impact of the demonstration on the utilization patterns of participants by answering the following questions:

- Do waiver participants with chronic conditions have decreased numbers of emergency room and outpatient hospital visits and inpatient hospital and nursing home stays?
- Do participants report a lower rate of utilization of emergency rooms?

3. Public Policy and Planning: How does the demonstration affect the development of State and Federal health policy, including changes to Medicaid and Medicare?

The demonstration will provide a specific service to a new segment of the population in an attempt to both improve the health status of this population and to help the State control costs, where possible, by substituting drug therapies for more expensive services. The demonstration should help delay the need for more expensive Medicaid services, which will help the State control its Medicaid costs. Many of the participants will be covered by Medicare. Thus, this demonstration would provide HCFA and the State with the ability to evaluate the impact of adding a prescription drug benefit to Medicare.

Possible hypotheses include the following:

- The State will have more accurate information on which to base health care and human services planning
- The federal government will have more accurate information on which to base health care planning surrounding Medicare beneficiaries
- The State will have a better ability to control drug costs and utilization
- A small number of waiver participants will not require full Medicaid services as quickly as non-participants

An independent evaluator could measure the impact of the demonstration on the State's public policy by answering the following questions:

- Does the waiver impact the State's ability to plan and implement health care policy?
- Does the demonstration impact the State's ability to control drug costs and utilization?
- This expansion will lessen negative perceptions associated with Medicaid and other government-sponsored health care
- Do demonstration participants with similar health conditions take longer to require full Medicaid services than non-waiver participants?

C. DATA SOURCES

Data collection will begin as soon as the demonstration is implemented and, in some instances, could include data for a period prior to the participant's enrollment into the demonstration. Several data sources could be used to test the waiver hypotheses.

Potential data sources include:

- Case Study Interviews and Focus Groups
- Participant Surveys
- Medicare Claims Data
- Maine MMIS and Nursing Home Screening Assessment Data

Case Study Interviews and Focus Groups

Evaluation of the demonstration could be carried out using case study interviews and focus groups. In-depth interviews, particularly longitudinal interviews or surveys, could be used to identify changes in health status and service utilization patterns.

Participant Surveys

Annual participant surveys could be conducted and used to evaluate the perceptions of waiver participants about particular elements of the demonstration as well as to identify perceived changes in health status, quality of life and utilization of services. These surveys could also be used to assess prior use of pharmaceuticals. The results from the survey should be used to support the results from the analysis of Medicaid and Medicare claims data for populations for which claims data is available and to provide basic results, as supported also by case studies and focus groups, for populations for which claims data is not available.

Survey topics could include areas such as the following:

- Health status (both current and changes)
- Likelihood of visits to an emergency room
- Incidence of physician visits, emergency room visits, hospital admissions and nursing home admissions
- Satisfaction with the program
- Access problems
- Eligibility determination process
- Satisfaction with the financial benefits of the demonstration
- Prior utilization of services

Medicare Claims Data

Medicare claims data could be used to determine changes in utilization patterns for Medicare participants. Data could be collected for both waiver and non-waiver participants to determine underlying chronic conditions and changes in utilization of non-waiver services such as inpatient and outpatient hospital visits, nursing home stays, and physician visits. The State of Maine has on-line access to Medicare data.

State Medicaid Management Information System (MMIS) and Nursing Home Screening Assessment Data

The Maine Medicaid Decision Support System (MMDSS) will be able to track both waiver claims and eligibility data. The MMDSS can provide historic and current data on the demonstration and will be used to evaluate the number and

type of prescriptions being filled as well as the average length of time on the waiver and the total number of waiver participants. The average length of eligibility could help in the analysis of how quickly certain waiver subpopulations will require full Medicaid benefits. Nursing Home Screening Data could be used to track when recipients will medically require nursing home services. This data could be used to determine if, both currently and historically, waiver participants take longer to require full Medicaid services than non-waiver participants.

In addition, the Maine Point of Purchase System (MePOPS) will be able to provide day-to-day quality assurance by checking eligibility, reviewing prescriptions for duplication/early refill, reviewing for contraindications to health and processing the transaction for payment.

CHAPTER V BUDGET NEUTRALITY

Although Maine is requesting federal match on the program subsidy, the federal government will receive its share of the rebates, which shall equal the amount of the subsidy. Therefore, the demonstration will be budget neutral. Rebates will be deposited into a revolving fund and used to pay the subsidy. In the event that subsidies exceed rebate revenue over the demonstration period, the State will use State only dollars to cover the difference.

The State expects to incur administrative costs under the demonstration and claim federal matching on those costs. However, these costs will be claimed as part of the overall Medicaid program and not as costs under the demonstration.

Maine anticipates that approximately 200,000 to 225,000 individuals will be eligible to participate in this demonstration program. Of this total, the State anticipates that approximately 20% will participate within the first program year.

CHAPTER VI WAIVERS REQUESTED

In order for the State of Maine to implement the demonstration, it requests waivers from certain statutory requirements of Title XIX of the Social Security Act (the Act). The specific statutory provisions for which waivers of Title XIX are requested are set forth below and are separated into two categories: those that the State is requesting pursuant to the authority of Section 1115(a)(1) and expenditures that the State requests that HCFA regard as Medicaid State Plan expenditures pursuant to the authority of Section 1115(a)(2).

A. SECTIONS TO BE WAIVED UNDER SECTION 1115(a)(1)

Amount, Duration, and Scope of Services

Section 1902(a)(10)(B) of the Act and 42 C.F.R. Sections 440.230-250 require that the amount, duration and scope of services be equally available to all recipients within an eligibility category and be equally available to categorically eligible and medically needy recipients.

Maine seeks a waiver of these provisions so that it can offer only a discounted prescription drug benefit to the expansion population.

Income Limitations

Sections 1902(l), 1903(f) and 42 C.F.R. Sections 435.100 et seq. prohibit payment under Medicaid to states that implement eligibility standards in excess of the stated maximums. Maine requests a waiver to expand eligibility to non-categorical individuals with incomes up to 300 percent of the federal poverty level.

Eligibility Standards

Sections 1902(a)(17), 1902(a)(10)(A)(ii)(I) and (II), and 42 C.F.R. Part 435, Subparts G, H, and I establish standards for taking into account income or resources of individuals who are not receiving assistance under TANF or SSI. All TANF and SSI recipients are automatically eligible for the Maine Medicaid program. People who are ineligible for TANF or SSI cash payments will be eligible for the demonstration if they meet income requirements, but they will not be subject to resource (or asset) limits. Thus, the State seeks to waive the standards for taking into account resources in determining eligibility for the Maine demonstration project.

Retroactive Coverage

Section 1902(a)(34) of the Act and 42 CFR 435.914 require a state to provide retroactive medical assistance for three months prior to the date of application. Maine requests a waiver of this requirement to eliminate retroactive eligibility for demonstration participants. The effective date of eligibility will be the date of enrollment.

B. EXPENDITURES TO BE RECOGNIZED AS MEDICAID EXPENDITURES PURSUANT TO SECTION 1115(a)(2)

Under Section 1115(a)(2) of the Act, Maine requests that the following expenditures made by the State under the demonstration for the items identified below (which are otherwise not be included as expenditures under section 1903) shall, for the demonstration period, be regarded as expenditures under the State's Medicaid Plan:

1. Expenditures for extending pharmacy-only supplemental benefits to individuals with income up to 300 percent of FPL
2. Administrative expenditures for demonstration participants