



DEPARTMENT OF HEALTH

Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor · Dennis R. Schrader, Secretary

October 19, 2021

The Honorable Larry Hogan
Governor
100 State Circle
Annapolis, MD 21401-1925

The Honorable Bill Ferguson
President of the Senate
H-107 State House
100 State Circle
Annapolis, MD 21401-1925

The Honorable Adrienne A. Jones
Speaker of the House of Delegates
H-101 State House
100 State Circle
Annapolis, MD 21401-1925

RE: HB 489 (Ch. 321 of the Acts of 2016) and Health – General §15-1005(a) – Senior Prescription Drug Assistance Program Annual Report – 2020 Annual Report

Dear Governor Hogan, President Ferguson and Speaker Jones:

In accordance with Health – General §15-1005(a), enclosed is the annual report of the Maryland Senior Prescription Drug Assistance Program for the 2020 program year. The report summarizes program activities and provides enrollment and benefits statistics. The Department is pleased to continue administration of this vital program.

If further information about this program is needed, please contact Heather Shek, Director, Office of Governmental Affairs, at heather.shek@maryland.gov.

Sincerely,

Dennis R. Schrader
Secretary

cc: Steven R. Schuh, Deputy Secretary, Health Care Financing and Medicaid
Heather Shek, Director, Office of Governmental Affairs
Athos Alexandrou, Director, Office of Pharmacy Services
Sean Stafford, Senior Prescription Drug Assistance Program
Sarah Albert, Department of Legislative Services (5 copies) MSAR #10856



Senior Prescription Drug Assistance Program

Annual Report

Program Year: January-December 2020



Executive Summary – Senior Prescription Drug Assistance Program – Calendar Year 2020 Annual Report

The Senior Prescription Drug Assistance Program (SPDAP) works closely with the Maryland Department of Aging and other entities serving the senior population to ensure that Maryland seniors are aware of the benefits that may be available through SPDAP and to provide assistance to applicants with the application process. Major program highlights include:

1. **Enrollment** – SPDAP enrollment was 27,128 members as of 12/31/20. This represents an enrollment decrease of 5.1% since 12/31/19, when enrollment was 28,592. Membership distribution was spread across 16 plans. The highest distribution of members was in WellCare plans (19.7%). Baltimore County had the highest concentration of members (5,236), with Baltimore City coming second with 2,997 members.
2. **Member Benefits:**
 - a. **Premium Subsidy** – During CY2020, SPDAP members were eligible for a maximum premium subsidy of \$40 per member-per month to help offset their Medicare Part D Prescription Drug Plan premium costs. SPDAP made premium subsidy payments of \$8.9 million during CY2020.
 - b. **Coverage Gap Subsidy** – With the enactment of the Affordable Care Act (ACA) the Federal government considers the Medicare Part D Coverage Gap eliminated as of the end of CY2019. CareFirst will not be required to provide funding for the SPDAP Coverage Gap subsidy beyond CY2019. The SPDAP did not offer its members a Coverage Gap Subsidy during CY2020.
3. **Funding:**
 - a. **Premium Subsidy** – CareFirst is required to fund SPDAP in order for CareFirst to earn its premium tax exemption as a nonprofit health service plan under the Annotated Code of Maryland, Insurance Article §14-106(d)(1)(iii). The amount of funding provided may not exceed \$14 million for fiscal years 2008-2025.
 - b. **Coverage Gap Subsidy** – CareFirst was required to provide \$4 million to fund the SPDAP Coverage Gap subsidy. HB 1766/SB 1208, introduced and approved by the House and Senate during the 2018 legislative session, repealed §14-106.2 of the Article – Insurance which had required CareFirst to provide the funding for the SPDAP Coverage Gap effective with CY2020.
4. **Administration** – MDH contracts with Pool Administrators, Inc. (PAI) to administer SPDAP. Administrative fees paid to PAI during CY2020 totaled \$1.17 million.
5. **Outreach** – SPDAP continues to coordinate with the Maryland Department of Aging to provide State Health Insurance Program (SHIP) coordinators and volunteer counselors with information regarding the program. The SPDAP maintains a call center and website to answer member and prospective member questions throughout the year. During CY2020, the Program’s call center received 11,871 calls and the website had 9,175 visitors.

Legislation – During the 2021 Legislative session there were two (2) bills passed that will impact the SPDAP funding. HB 588 will grant the authorization to process a special fund budget amendment in the amount of \$1,863,720. HB 589 amends Insurance Article §14-106(d) detailing the funding of the SPDAP.



INTRODUCTION

In accordance with the Annotated Code of Maryland, Health-General Article §15-1005(a), the Maryland Department of Health (MDH) is required to annually submit a report to the Governor and, in accordance with §2–1257 of the State Government Article, to the General Assembly that includes a summary of Program activities for the year and any recommendations for consideration by the General Assembly.

DESCRIPTION OF THE SENIOR PRESCRIPTION DRUG ASSISTANCE PROGRAM

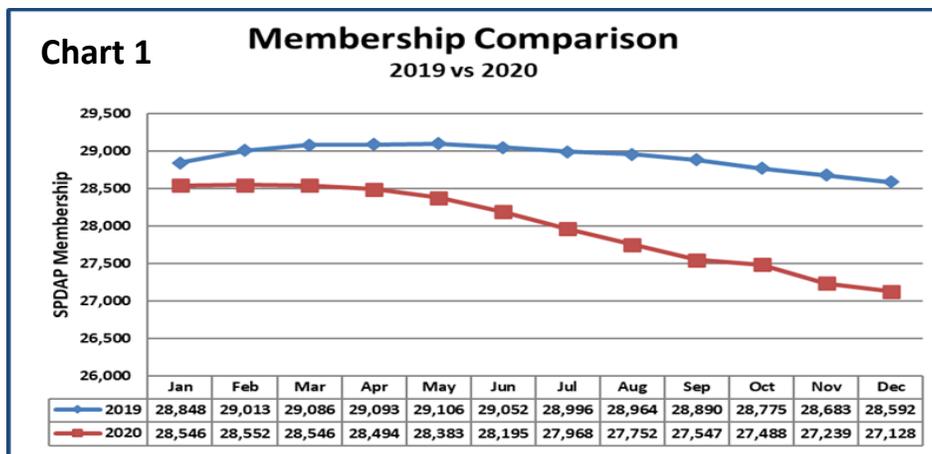
Eligibility Requirements

To be eligible to enroll in the SPDAP, an individual must:

- Be a resident of Maryland;
- Be a Medicare beneficiary enrolled in the Medicare Part D Voluntary Prescription Drug Benefit Program or a Medicare Advantage Plan that provides Part D coverage;
- Have an annual household income at or below 300 percent of the Federal Poverty Guidelines;
- Not be enrolled in a health benefit plan, other than a Medicare Part D PDP or a MA-PD, that provides prescription drug benefits at the time the individual applies for enrollment in the SPDAP; and
- Not be eligible for a full federal low-income subsidy under 42 C.F.R. §423.772.

Enrollment

As of December 2020, total SPDAP enrollment was 27,128 members. This represents an enrollment decrease of 5.1% since December 2019 when enrollment was 28,592 members. The decrease in the SPDAP membership coincides with the COVID-19 state of emergency. Applications processed for the SPDAP decreased from 4,263 during CY2019 to 2,628 during CY2020. The SPDAP expects program application submissions to return to pre-COVID-19 levels during the 3rd and 4th quarters of CY2021.

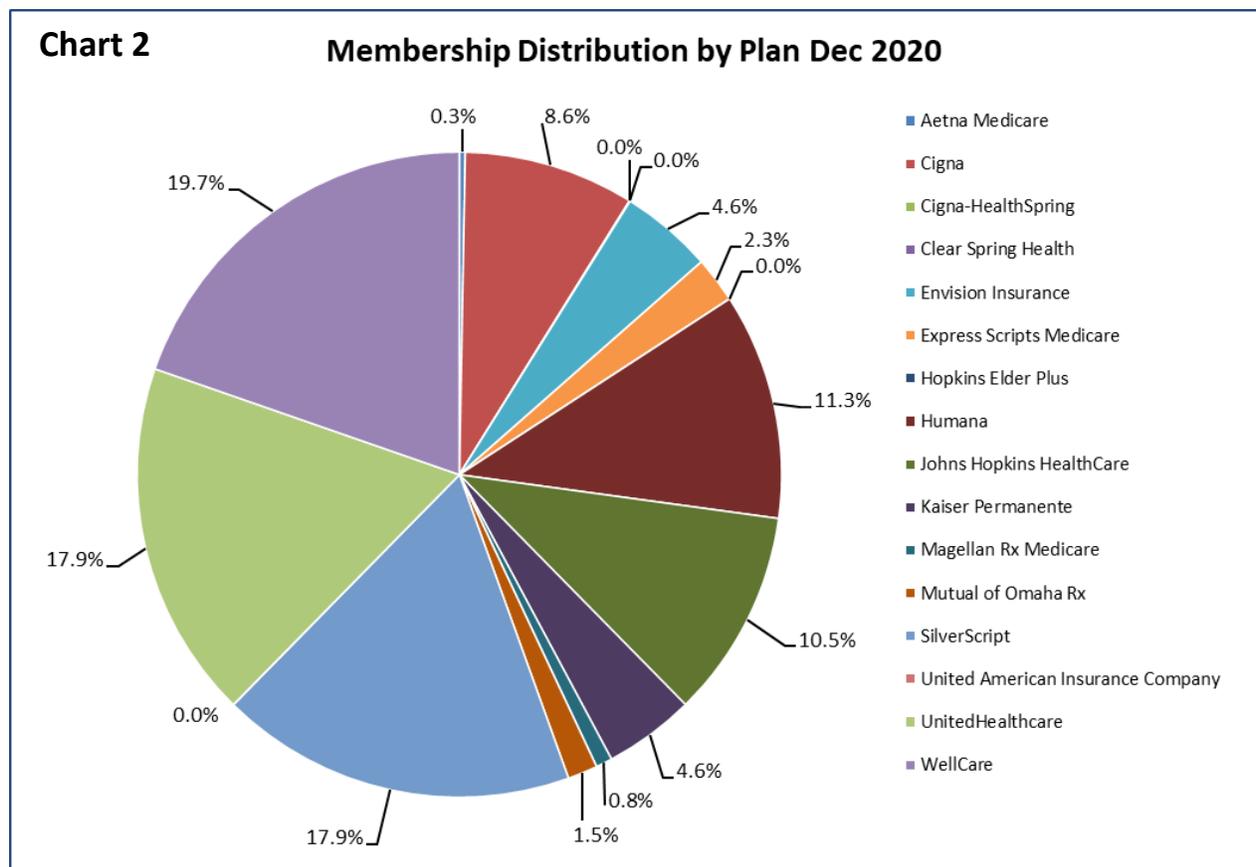




Membership Distribution by Plan

There were 3,013 members terminated from the Program during CY2020. This was mainly due to members becoming eligible for the full (100%) Federal Low-Income Subsidy (LIS) or Extra Help, members becoming eligible for Medicaid in addition to Medicare Part D (Dual Eligible), members moving out-of-state and on the occasion of the member’s death.

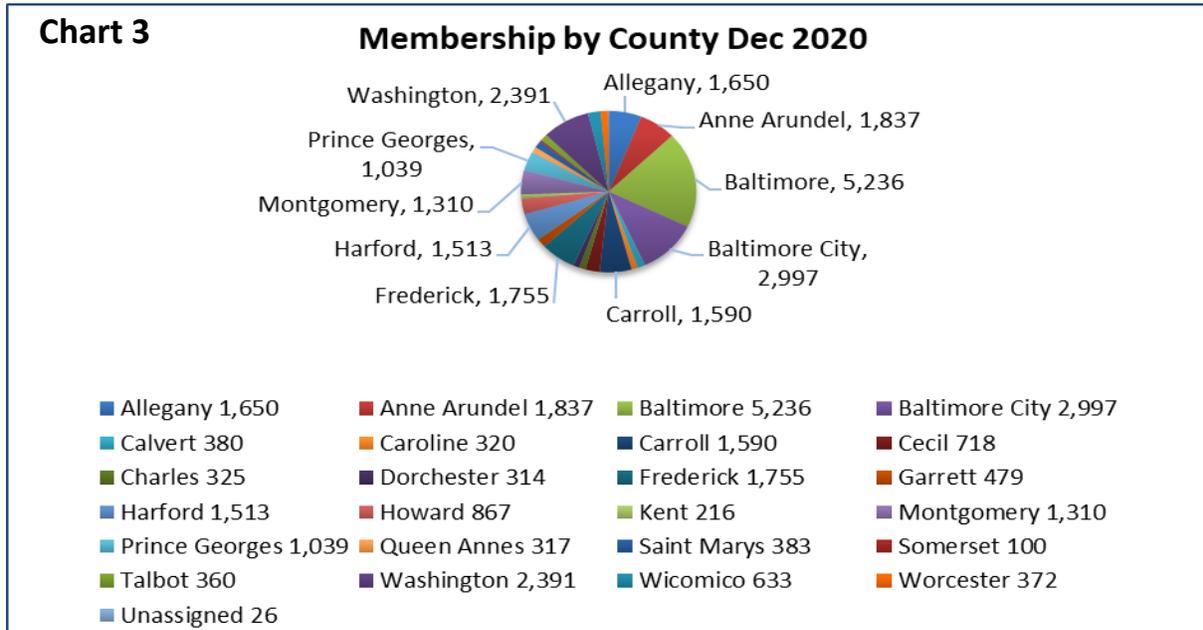
Chart 2 provides statistics for the SPDAP membership distribution by plan in Maryland for December 2020.





Membership by County

Chart 3 shows the SPDAP membership distribution by county in Maryland for December 2020.



Member Benefits

Premium Subsidy

The SPDAP provides a prescription drug benefit subsidy, which was determined by MDH for CY2020, which may pay all or some of the premiums for Federal Medicare Part D prescription drug coverage. Medicare Prescription Drug Program rate information for Maryland is determined by the Centers for Medicare and Medicaid Services (CMS). During CY2020, the SPDAP provided a premium subsidy of up to \$40 per month for any member who was enrolled in any Medicare approved prescription drug plan (PDP) or MA-PD in the state of Maryland.

For CY2021, MDH made the determination to increase the maximum premium subsidy from \$40 per month to \$50 per month for eligible Maryland residents enrolled in the SPDAP. If a member is eligible for a partial federal low-income subsidy, the SPDAP subsidy is offset by the federal low-income subsidy.



CY2020 Amount Paid to PDPs for Subsidy Payment for Current and Prior Years

Month	2019	2020	\$ Change
Jan	\$869,786.50	\$781,636.30	(\$88,150.20)
Feb	\$873,545.80	\$766,847.20	(\$106,698.60)
March	\$861,724.40	\$760,709.60	(\$101,014.80)
April	\$864,311.50	\$765,023.10	(\$99,288.40)
May	\$866,236.40	\$758,716.70	(\$107,519.70)
June	\$855,885.40	\$753,070.70	(\$102,814.70)
July	\$859,076.90	\$746,760.70	(\$112,316.20)
Aug	\$854,552.50	\$740,836.20	(\$113,716.30)
Sept	\$856,254.90	\$735,801.50	(\$120,453.40)
Oct	\$847,023.20	\$733,782.00	(\$113,241.20)
Nov	\$847,268.60	\$725,286.80	(\$121,981.80)
Dec	\$832,840.20	\$721,348.50	(\$111,491.70)
Total	\$10,290,525.30	\$8,991,839.30	(\$1,298,687.00)

CY2019 Coverage Gap Subsidy Benefit

For CY2019, MDH made the determination to provide a coverage gap subsidy (CGS) limited to a maximum of \$2,000 to eligible Maryland residents enrolled in the SPDAP.

Coverage Gap Subsidy Payments Made During CY2020 for CY2019

SPADP Members	Subsidy Year	Total Amount Paid
Total	2019	\$1,314,609.15

CY2020 Coverage Gap Subsidy Benefit

For CY2020, MDH made the determination to not provide a coverage gap subsidy as the Federal government considers the Medicare Part D Coverage Gap eliminated as of the end of CY2019 and CareFirst was not required to provide funding for the SPDAP Coverage Gap subsidy beyond CY2019.



Funding of Senior Prescription Drug Assistance Program

In General

CareFirst is required to fund SPDAP in order for CareFirst to earn its premium tax exemption as a nonprofit health service plan under the Annotated Code of Maryland, Insurance Article §14-106(d)(1)(iii). Under §14-106(e)(2) and (3) of the Insurance Article, the amount of funding provided by CareFirst may not exceed \$14 million for fiscal years 2008 through fiscal year 2022, and, for any year after fiscal year 2022, the funding may not exceed the amount of CareFirst's premium tax exemption.

Funding for Coverage Gap Subsidy

House Bill 1766/Senate Bill 1208, introduced and approved by the Maryland House and Senate during the 2018 legislative session, repealed §14-106.2 of the Insurance Article which had required that if CareFirst had a surplus that exceeded 800% of its consolidated risk-based capital requirements in the immediately preceding calendar year, then CareFirst would be required to transfer to the SPDAP \$4 million to provide additional funding necessary to allow the SPDAP to subsidize prescription drug costs incurred by SPDAP members in the Medicare Part D coverage gap. Beginning with CY2020 CareFirst will not be required to provide any additional funding for the SPDAP Coverage Gap subsidy benefit.

Administration of Senior Prescription Drug Assistance Program

The Board of Directors for the Maryland Health Insurance Plan (MHIP) was required to contract with a third party to administer the SPDAP. The functions performed by the third party administrator include:

- processing applications and determining eligibility of applicants for the SPDAP;
- enrolling eligible applicants in the SPDAP and sending denial letters to ineligible applicants;
- considering eligibility appeals;
- conducting an annual re-certification of SPDAP members;
- processing and reconciling monthly premium subsidy payments to PDPs;
- reconciling the SPDAP membership to CMS enrollment and eligibility files; and
- providing data collection, analysis, financial tracking and reporting as required by law or by MHIP.

In October 2007, the MHIP Board of Directors selected Pool Administrators, Inc. (PAI) as the SPDAP administrator. MHIP entered into a contract with PAI that took effect on January 1, 2008 and had a term of two years. MHIP had the option to extend the contract for successive terms of one year.

- In December 2009, MHIP extended the term of the agreement with PAI for another year, through December 31, 2010.
- In December 2010, MHIP amended the agreement with PAI and extended the term of the agreement for another two (2) years, through December 31, 2012.



- In October 2012, MHIP amended the agreement with PAI and extended the term of the agreement for another two (2) years, through December 31, 2014.
- In August 2014, MHIP amended the agreement with PAI and extended the term of the agreement for another two (2) years, through December 31, 2016.
- In June 2016, upon request from MDH, the MHIP Board of Directors extended the term of the agreement with PAI for an additional three (3) years, through December 31, 2019.
- In December 2019, MDH entered into a Sole Source Contract for the administration of the SPDAP with PAI. The term of the contract was January 1, 2020 through January 8, 2020.
- In January 2020 the MDH submitted a Sole Source Contract for the administration of the SPDAP to the Maryland Board of Public Works (BPW) for approval. The Sole Source Contract between the SPDAP and PAI was approved by the BPW on January 8, 2020. The term of the contract is from January 8, 2020 through April 30, 2021.
- MDH evaluated Request for Proposal (RFP) solicitations to administer the SPDAP beyond April 30, 2021 during October 2020 and submitted a Recommendation for Award memo to the Secretary of the MDH recommending awarding the contract to administer the SPDAP to International Software Systems, Inc, (ISSI).
- The MDH Secretary concurred with the Recommendation for Award and the MDH submitted a Contract for the administration of the SPDAP to the Maryland Board of Public Works (BPW) for approval. The Contract between the SPDAP and ISSI was approved by the BPW on January 6, 2021. The term of the contract with ISSI is from February 12, 2021 through April 30, 2025 with the option of two (2) twenty four (24) month extensions.

2020 Amounts Paid for Administrative Fees and Postage

Invoices	Total amounts
TPA Administrative Fees	\$1,088,657.41
Postage	\$62,301.06
CGS Administrative Fees	\$87,532.18
Total	<u>\$1,238,490.65</u>

Outreach

Each October, prior to Medicare Part D open enrollment, all active SPDAP members are mailed the list of eligible Medicare Part D prescription plans for the State of Maryland notating which plans will be administering the Coverage Gap Subsidy to assist the member in choosing their Medicare Part D prescription drug coverage for the upcoming year.

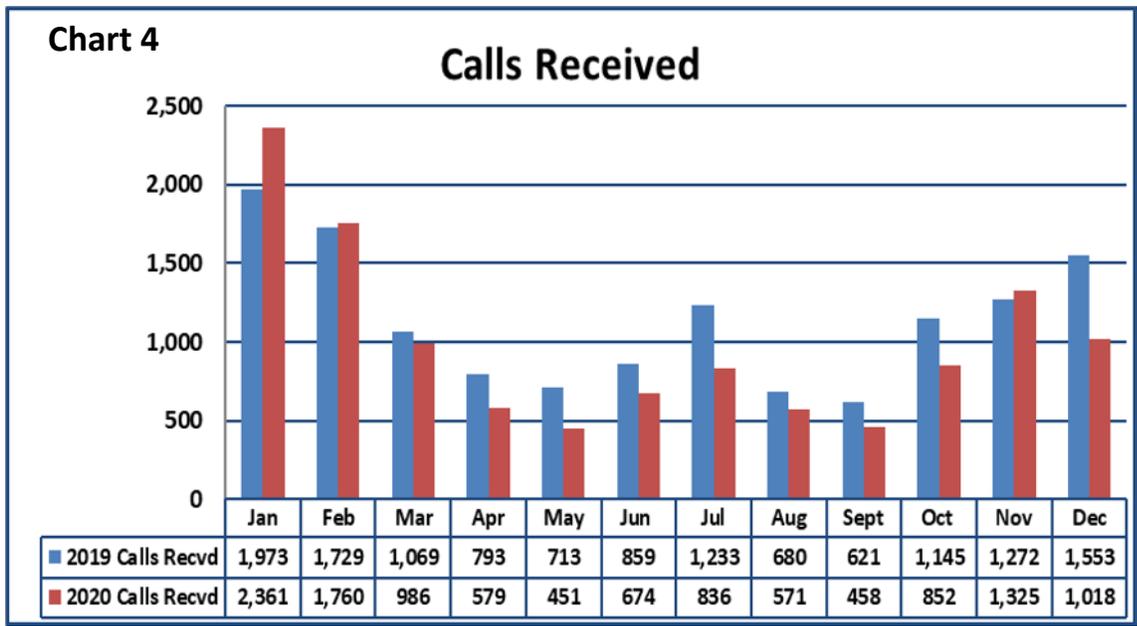
The SPDAP also maintains a call center and website to answer member and prospective member questions throughout the year. Call Center assistance is available toll free at (800) 551-5995, Monday



through Friday, from 8 am to 5 pm. Extensive information regarding SPDAP is available at www.marylandspdap.com, including the application form and a list of Medicare PDPs in Maryland.

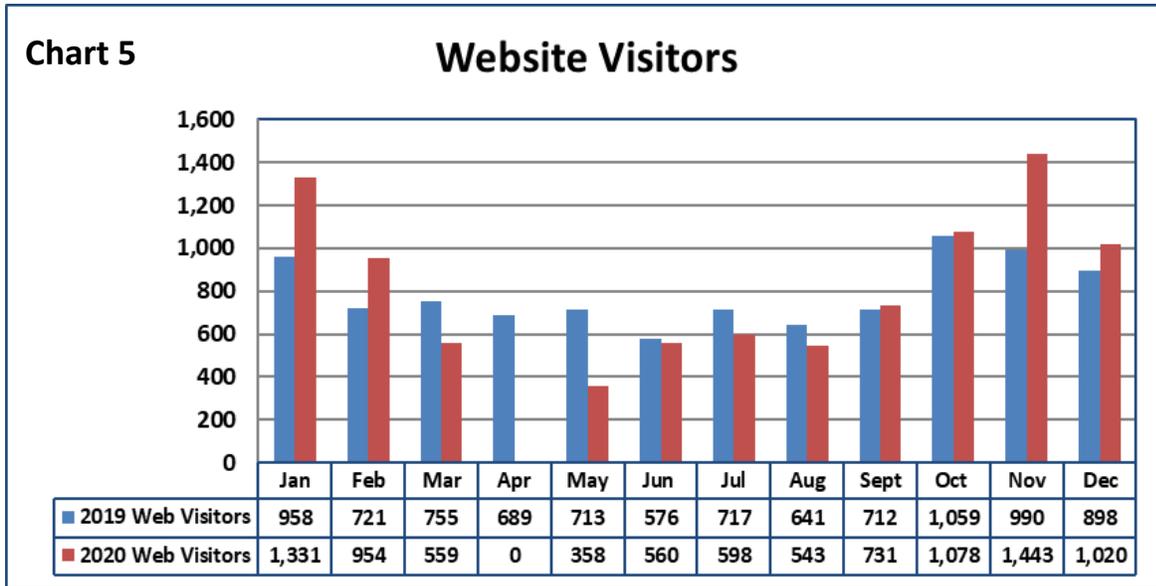
SPDAP also coordinates with the Department of Aging to provide the State Health Insurance Program (SHIP) Coordinators and volunteer counselors with information regarding SPDAP, the upcoming year premium subsidy benefit levels and the upcoming year coverage gap subsidy benefit levels. SPDAP also instructs the SHIP Coordinators and volunteer counselors on how they may assist Maryland seniors in applying for SPDAP.

CY2020 SPDAP Customer Service Activity





CY2020 SPDAP Website Statistics



Legislative Activities

SPDAP staff:

- represent the MDH before the Governor’s Legislative Office, the Maryland General Assembly, the Maryland congressional delegation, and legislative work groups and task forces;
- work with MDH staff and the Governor’s Legislative Office to develop departmental legislation;
- monitor bills introduced in the General Assembly that affect SPDAP and work with the MDH to develop positions on the bills;
- prepare fiscal estimates for all bills that have a fiscal impact on SPDAP; and
- evaluate passed bills that affect the SPDAP for possible veto by the Governor.

During the 2021 Legislative session there were two (2) bills passed that will impact the SPDAP funding. House Bill 588 will grant the authorization to process a special fund budget amendment in the amount of \$1,863,720. House Bill 589 amends Insurance Article §14-106(d)(2)(ii) by extending the \$8 million subsidy provided under this subsection to the Community Health Resources Commission (CHRC) through FY2022. It also deletes §14-106(d)(2)(iii) eliminating the subsidy which the CHRC receives from the funding provided by the exemption from taxation for nonprofit health service plans under Insurance Article § 6–101(b)(1). HB 589 also amends Insurance Article §14-106(e) to state that the funding for the SPDAP may not exceed \$14 million for FY2021 and FY2022 and for any year after FY2022 may not exceed the value of the nonprofit health service plan’s premium tax exemption under Insurance Article § 6–101(b).



Conclusion

SPDAP continues to provide vital resources for low-to-middle income Maryland seniors. SPDAP will continue to work closely with the Maryland Department of Aging, and other entities serving the senior population, to ensure eligible Maryland seniors are aware of the benefits that may be available through the program and to provide assistance to applicants with the application process.



APPENDIX A – SPDAP PROGRAM HISTORY

2002 - The Senior Prescription Drug Program (SPDP) was created by the Health Insurance Safety Net Act of 2002 (Chapter 153, Acts of 2002), and replaced the Short-Term Prescription Drug Subsidy Plan. The Board of Directors for the Maryland Health Insurance Plan (MHIP) was given the responsibility for overseeing SPDP. The purpose of SPDP was to provide prescription drug coverage to Medicare beneficiaries who lacked prescription drug coverage.

2003 - The Health Insurance Safety Net Act of 2002 provided that SPDP would terminate if comparable prescription drug benefits became available through Medicare under Title XVIII of the Social Security Act. On December 8, 2003, President Bush signed into law the Medicare Prescription Drug, Improvement, and Modernization Act of 2003. Under that Act, prescription drug benefits became available through Medicare Part D beginning on January 1, 2006.

2005 - Legislation was passed by the Maryland General Assembly that re-named and re-established SPDP as the Senior Prescription Drug Assistance Program (SPDAP). (See Chapters 281 and 282 of the Acts of 2005.) The legislation provided that the purpose of SPDAP is to provide Medicare Part D beneficiaries who meet program eligibility requirements with a State subsidy for a portion of their prescription drug plan (PDP) premiums and deductibles under Medicare Part D.

2006 - Additional legislation was passed and signed into law that allows SPDAP to subsidize eligible beneficiaries' co-payments and co-insurance, in addition to their premiums and deductibles (see Chapter 345 of the Acts of 2006).

2007 - SPDAP was modified, by legislation, that authorizes SPDAP to limit payment of any benefit subsidy by paying the benefit subsidy on behalf of only eligible individuals enrolled in a Medicare Part D PDP or a Medicare Advantage Plan (MA-PD) that coordinates with the SPDAP in accordance with federal requirements (see Chapters 508 and 509 of the Acts of 2007).

2016 - During the 2016 legislative session, HB 489 was introduced to dissolve MHIP effective June 30, 2016. This legislation also proposed the transfer of the duties, responsibilities and funding of SPDAP from MHIP to MDH as of July 1, 2016 and to extend the termination date of SPDAP through December 31, 2019. HB 489 was approved by the House and Senate and signed into law by Governor Hogan (Chapter 321 of the Acts of 2016).

2018 - During the 2018 legislative session, HB 1766/SB 1208 was introduced extending the sunset date of the SPDAP from December 31, 2019 to December 31, 2024 and also extending the period of time during which CareFirst is required to provide to SPDAP the funding required under §14-106(d)(1)(iii) in the amount of \$14 million through FY2025.