



Brief 05-9

Wisconsin Briefs

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SENIORCARE

SeniorCare is a health care benefits program that provides subsidized prescription drug coverage to Wisconsin senior citizens with low to moderate incomes. It began operations on September 1, 2002, following passage of 2001 Wisconsin Act 16. The program is financed by participants' fees, drug manufacturers' rebates, state general purpose revenue (GPR), and matching funds from the federal Medical Assistance (MA) program, commonly referred to as Medicaid. Of the more than 90,000 SeniorCare participants in June 2004, an estimated 74.2% were female, 78.5% were 70 to 89 years of age, and 92.7% were White.

ELIGIBILITY

To be eligible for assistance with prescription drug costs, a Wisconsin senior must meet the following qualifications:

- Be a state resident at least 65 years of age.
- Be a U.S. citizen (or have qualifying alien status) with a Social Security number.
- Not be receiving MA drug benefits or be an inmate at certain institutions.
- Pay a \$30 annual enrollment fee.

Individuals who would otherwise be eligible for SeniorCare but already have insurance coverage for prescription drugs may still qualify for assistance with drug costs that are not covered by their other plans.

PROGRAM PROVISIONS

Every 12 months, seniors must complete an application from the Wisconsin Department of Health and Family Services (DHFS) and pay a \$30 enrollment fee (couples pay \$60). After paying the annual enrollment

fee, participants may be required to meet a deductible in each 12-month period of enrollment, through the purchase of prescription drugs at a discounted rate. For couples, each spouse has his or her own individual deductible, which is met based on who the drugs are prescribed to, not who pays for them. The amount of the deductible is based on household income, which DHFS calculates as an applicant's self-reported income estimate for the next 12 calendar months.

Level 1. For those with annual household incomes of less than or equal to 160% of the federal poverty level (FPL), the deductible is waived.

Level 2a. For those with annual household incomes of greater than 160% but less than or equal to 200% of the FPL, the deductible is \$500.

Level 2b. For those with annual household incomes of greater than 200% but less than or equal to 240% of the FPL, the deductible is \$850.

Level 3. For those with annual household incomes greater than 240% of the FPL, a spenddown period is required. Applicants may enroll for \$30 for the remainder of a 12-month period after they reduce net income to 240% of the FPL, by spending down for prescription drugs at the retail price. After the spenddown period, they still must meet an \$850 deductible by purchasing drugs at a discounted rate.

In November 2004, approximately 50,700 participants were in Level 1, 20,700 in Level 2a, 12,500 in Level 2b, and 3,800 in Level 3.

2005 SENIORCARE INCOME LIMITS

Based on the 2005 FPL of \$9,570 for individuals or \$12,830 for couples				
Group Size	Level 1 Income at or below 160% FPL	Level 2a Income between 160% – 200% FPL	Level 2b Income between 200% – 240% FPL	Level 3 Income more than 240% FPL
Individual	\$15,312	\$15,313 – \$19,140	\$19,141 – \$22,968	\$22,969+
Couple	\$20,528	\$20,529 – \$25,660	\$25,661 – \$30,792	\$30,793+

Source: Wisconsin Department of Health and Family Services.

After meeting the deductible, enrollees are charged co-payments of \$5 for each generic drug and \$15 for each brand name drug.

FINANCING SENIORCARE

SeniorCare’s 2004-05 budget was approximately \$117.4 million, of which \$40.1 million came from the state’s GPR. 2005 Wisconsin Act 25 (the biennial budget) appropriates around \$52 million in GPR for 2005-06 and \$57.5 million in 2006-07.

Pharmacists participating in SeniorCare are reimbursed the price of the drug under the state’s MA schedule, plus an additional 5%, and the dispensing fee allowed by the state MA program. (Reimbursement rates to participating pharmacists are about 82% of the customary and usual retail price.) Pharmacists who participate in the state’s MA program are required to serve SeniorCare enrollees. Similarly, drug manufacturers must agree to offer the state the same rebates for drug sales under SeniorCare as those they have agreed to give the state under the MA program. The manufacturers’ rebate requirement does not apply when funding is insufficient to operate SeniorCare in a particular fiscal year.

Wisconsin does not limit the amount of individual benefits paid, but if the costs of the program exceed the amount appropriated for the fiscal year, the state will suspend prescription drug sales under the SeniorCare program, leaving seniors to purchase their drugs at retail prices as before. The department is directed to continue taking applications and determining eligibility but must inform applicants that benefits are contingent upon the availability of funding.

FEDERAL PROGRAMS

SeniorCare was granted a five-year federal waiver on July 1, 2002, from the U.S. Department of Health and Human Services to use Medicaid matching funds for SeniorCare benefits. Medicaid matching funds are available for participants with household incomes less than or equal to 200% FPL (levels 1 and 2a), which in November 2004 was an estimated 81% of SeniorCare participants. While SeniorCare is a “demonstration project” set to expire on July 1, 2007, DHFS officials have initially indicated that federal matching funds will continue.

Congress amended the federal Medicare program to provide coverage of prescription drugs for outpatient care through the Medicare Prescription Drug, Improvement and Modernization Act of 2003. DHFS estimates that 94% of seniors participating in the SeniorCare program have lower drug costs than they would have under the Medicare drug discount program. The 6% better off under Medicare have limited assets and incomes less than 135% FPL (at the 2005 FPL: \$12,920 or less for individuals and \$17,321 or less for couples). Seniors above the 200% FPL can apply for and use the Medicare endorsed drug discount card to meet SeniorCare’s spenddown or deductible requirements.

FOR FURTHER INFORMATION

Visit DHFS’s SeniorCare Web site at: <http://dhfs.wisconsin.gov/seniorcare/index.htm> or call (800) 657-2038.

See Section 49.688, Wisconsin Statutes, and Administrative Code HFS 109 at: <http://folio.legis.state.wi.us>