

State of Wisconsin Department of Health Services
1115 Demonstration SeniorCare Prescription Drug Assistance Program

Appendix A

On July 1, 2002, DHS received the necessary waiver approvals from the Centers for Medicare and Medicaid Services (CMS) to operate a portion of SeniorCare, a prescription drug benefit for seniors, as a five-year demonstration project. The SeniorCare waiver extends Medicaid eligibility through Title XIX of the Social Security Act of 1965 to cover prescription drugs as a necessary primary health care benefit.

The target population for services under the SeniorCare waiver program is seniors who are age 65 or older with income at or below 200 percent of the federal poverty level (FPL), which is \$24,280 for an individual and \$32,920 for a two-person family in 2018.

Since its implementation on September 1, 2002, the SeniorCare waiver program has successfully delivered a comprehensive outpatient drug benefit to more than 290,000 seniors in the state.

The SeniorCare application consists of a simple application form which must be mailed to the SeniorCare central application processing center with a \$30 enrollment fee. SeniorCare requires no asset test. Once approved, seniors are enrolled for a 12-month benefit period. Toward the end of the 12-month period, members are reminded that they must reapply for enrollment in the program.

SeniorCare is a comprehensive drug benefit that is easy for seniors to access. SeniorCare has an open formulary nearly identical to that of Wisconsin Medicaid and covers over-the-counter insulin, as well as prescription drugs with a federal rebate agreement. In addition, SeniorCare provides access to a robust network of pharmacies. More than 1,300 in-state pharmacies and another 100 out-of-state pharmacies are certified as SeniorCare providers.

SeniorCare has predictable and affordable cost sharing requirements. All SeniorCare members pay an annual \$30 enrollment fee and incur copays of just \$5 for generic drugs and \$15 for brand name drugs. Individuals or couples with income at or below 160 percent of the FPL have no other out-of-pocket costs. Those whose incomes fall between 160 percent and 200 percent of the FPL pay the first \$500 in prescription drug costs at the SeniorCare rate.

SeniorCare is a financially efficient program for all payers. In calendar year 2017, total drug expenditures of \$109 million billed to the SeniorCare program were reduced by manufacturer rebates, member cost sharing, and third-party insurance to a total of just over \$23 million, which was paid for by state and federal tax dollars.

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By leveraging rebates on this scale, which cover 52 percent of the amount paid to pharmacies, Wisconsin has successfully held drug companies accountable for contributing to reduced drug prices and creating an effective drug benefit.

SeniorCare offers a comprehensive medication therapy management (MTM) benefit. MTM can improve member health and reduce overall costs to SeniorCare by educating members about their medications and improving adherence to drug regimens. SeniorCare members have received 9,054 intervention-based services and 793 comprehensive medication review and assessment (CMR/A) services from September 2012 to January 2018. Intervention-based services are no longer a separately reimbursed service as of April 1, 2017. A reduction in inappropriate medication use and an increase in medication adherence can ensure seniors stay healthier and reduce inappropriate medical expenditures.

DHS projects that the SeniorCare waiver renewal will continue to reduce Medicaid expenditures for seniors who are age 65 or older, from what those expenditures would have been without the waiver, by providing primary care benefits for pharmacy coverage.

As in the original waiver period, budget neutrality will continue to be achieved by reducing the rate of increase in the use of non-pharmacy-related services provided to this population, including hospital, nursing facilities, and other medical services. These savings will offset the costs of continuing the SeniorCare waiver program. The Medicare program will also realize reductions in expenditures through reduced hospitalizations for this population group.

The SeniorCare waiver achieved budget neutrality throughout the original waiver period, as well as all renewal periods. Initial estimates indicate that the SeniorCare waiver program savings were approximately \$40 million for state fiscal year 2017.

Savings are the direct result of reduced Medicaid payments for hospital and nursing home care because seniors with SeniorCare prescription drug coverage are diverted from spending down income and assets to Medicaid eligibility levels. By keeping seniors healthier longer, SeniorCare reduces Medicare expenditures as well.

SeniorCare also provides exceptional value to its members. In state fiscal year 2017, SeniorCare members had cost sharing of \$12.1 million in drug costs of \$109 million.

SeniorCare benefits seniors by keeping them healthy through providing access to medications that are instrumental in the control and prevention of adverse health conditions. Keeping Wisconsin's seniors healthy mitigates costs related to receiving Medicaid benefits.