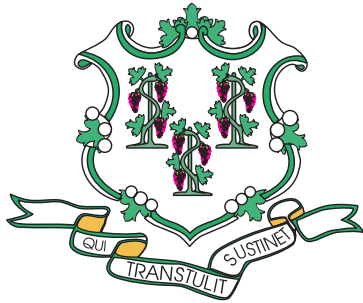


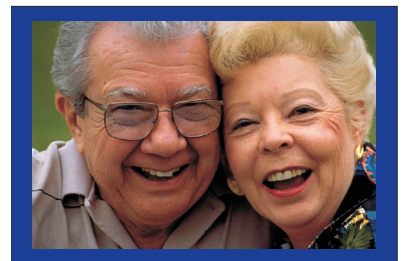
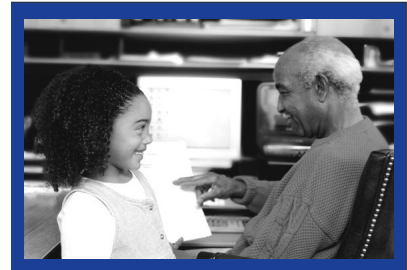
**Connecticut Pharmaceutical Assistance
Contract to the
Elderly and the Disabled Program**



ConnPACE

SEMI-ANNUAL REPORT TO THE GOVERNOR

**July 1, 2005 - December 31, 2005
State Fiscal Year 2006**



**Department of Social Services
Medical Care Administration
Medical Operations
25 Sigourney Street
Hartford, CT 06106**

August 7, 2006

The Honorable M. Jodi Rell
Governor
State of Connecticut
State Capitol
210 Capitol Avenue
Hartford, CT 06106

Dear Governor Rell:

As required under Connecticut General Statutes, Section 17b-495(d); I am submitting the Connecticut Pharmaceutical Assistance Contract to the Elderly and the Disabled Program (ConnPACE) Semi-Annual Report for the period of July 1, 2005 through December 31, 2005. We apologize for the lateness in producing this report as program staff was inundated with ensuring Medicare Part D did not have a negative impact on our clients.

If you have any questions regarding the report, please do not hesitate to contact me.

Sincerely,

Patricia A. Wilson-Coker, JD, MSW
Commissioner

cc: Senator Christopher S. Murphy
Senator Gayle Slossberg
Representative Peggy Sayers
Representative Melissa Olson

PWC: asha

Connecticut Pharmaceutical Assistance Contract
to the
Elderly and the Disabled Program

ConnPACE
SEMI-ANNUAL REPORT
TO
THE GOVERNOR

July 1, 2005 – December 31, 2005

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Department of Social Services
Medical Care Administration
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**CONNECTICUT PHARMACEUTICAL ASSISTANCE CONTRACT
TO THE
ELDERLY AND THE DISABLED**

For the Connecticut Department of Social Services

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July 2006

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EXECUTIVE SUMMARY

The Connecticut Pharmaceutical Assistance Contract to the Elderly and the Disabled Program (ConnPACE) began on April 1, 1986, as a pilot program to assist Connecticut's low-income elderly residents with their prescription expenses. On April 1, 1987, the program added coverage for the disabled and became permanent. ConnPACE assisted residents age 65 and over, and disabled residents 18 years of age and over, whose annual adjusted gross income is less than \$21,400 if single, or with a combined income of less than \$28,900 if married for the reporting period of July 1, 2005 through December 31, 2005.

STATE FISCAL YEAR 2005 SEMI-ANNUAL BENEFITS

(JULY 1, 2005 – DECEMBER 31, 2005)

ConnPACE paid for 557,105 prescriptions and expended \$54,135,709 on these prescriptions for an average of 49,037 program enrollees who received benefits from ConnPACE program.

47% of paid prescriptions were for generic drugs.

INTRODUCTION

PROGRAM DEFINITION

The Connecticut Pharmaceutical Assistance Contract to the Elderly and the Disabled Program (ConnPACE) is a state-funded program that assists in providing prescription drug benefits to Connecticut's senior and disabled citizens.

To participate in ConnPACE, a person submits an application with a registration fee and proof of age, state residency, income, disability (if any), and insurance (if any). Participants must apply annually for re-determination of eligibility. Eligibility for participation in the program is determined in accordance with the guidelines specified below. Once determined eligible, the participant is issued a ConnPACE benefits card. To receive program benefits, the cardholder presents the card with a co-payment to the dispensing provider to receive a prescription. The dispensing provider confirms eligibility through an on-line data system, collects the co-payment, and dispenses the medication, billing ConnPACE for the balance due.

PROGRAM GUIDELINES AS OF DECEMBER 31, 2005

ELIGIBILITY: To be eligible for ConnPACE, an applicant must:

- be a resident of Connecticut for six months prior to applying;
- be 65 years of age or older or;
- be between the ages of 18 and 64 and receiving disability benefits under the Social Security Disability Program (Title II) or the Supplemental Security Income Program (Title XVI);
- have an annual adjusted gross income of less than \$21,400 if single, or combined income of less than \$28,900 if married¹;
- not be enrolled in Medicaid, have prescription drug coverage that pays a portion or all of each prescription purchased, or have prescription drug coverage after a deductible has been met; and
- must enroll in the Medicare-Approved Drug Discount Card² with the \$600 Transitional Assistance Prescription Benefit, if a participant's annual income is less than or equal to \$12,920 for a single person or \$17,321 for a married couple **and** has Medicare Part A and/or Part B.³

REGISTRATION FEE: An annual registration fee of \$30.00 is required.

¹ Income limits increased January 1, 2005, to reflect Social Security Cost of Living Adjustment (COLA).

² Public Act 04-101 individuals may be auto-enrolled in a card by DSS Commissioner, if eligible, but do not apply. Approved April 28, 2004. Effective June 1, 2004.

³ Public Act 04-6 mandated obtaining Medicare-Approved Drug Discount Card for individuals <135% FPL as a condition of eligibility for ConnPACE.

DRUGS COVERED: ConnPACE covers all drugs that require a prescription in the State of Connecticut, plus insulin and insulin syringes, with the following exceptions:

- drugs prescribed for cosmetic purposes
- experimental drugs
- drugs that the Federal Food and Drug Administration has determined not to be effective
- antihistamines
- contraceptives
- cough preparations
- anti-obesity drugs
- multivitamin combinations
- smoking cessation gum
- vaccines obtained free of charge from the Department of Health Services
- prescription drugs in excess of manufacturer's recommendations without documented medical justification
- drugs for Lock-In clients from other than lock-in pharmacy
- over-the-counter drugs (with certain exceptions)

Other drugs may not be covered if pharmaceutical manufacturers opt not to participate in the Drug Rebate Program.

DISPENSING LIMITATIONS: ConnPACE allows a 30-day supply or 120 units, whichever is greater, to be dispensed up to the prescribed amount.

PRIOR AUTHORIZATION: Prior authorization is currently required for a brand name drug that has at least three (3) Food and Drug Administration (FDA) approved A-rated generic equivalents available; and for an early refill prescription when less than 75% of the current medication is remaining.

CO-PAYMENT: The ConnPACE participant pays the required co-payment for each prescription, and the program reimburses the pharmacy for the rest of the cost based on a specified formula. If the cost of the prescription is less than the co-pay amount, the enrollee pays the full cost of the prescription. The ConnPACE co-payment is \$16.25 per prescription.

Under the Public Act 04-6, as a condition of eligibility for participation in the ConnPACE program, a ConnPACE client with an annual income equal to or less than the Federal Poverty Level of 135%, who is Medicare Part A or Part B eligible, must obtain a Medicare-Approved Drug Discount Card with the \$600 Transitional Assistance Prescription Benefit. ConnPACE participants at or below 135% would be required to exhaust their \$600 per calendar year subsidy before ConnPACE would assist with the purchase of prescriptions. To ensure that ConnPACE participants pay no additional costs, specific protections have been put in place. In situations where the participant's coinsurance requirement of 5% or 10% exceeds the current \$16.25 ConnPACE copay, ConnPACE will pay the excess of the \$16.25; in situations where the 5% or 10% coinsurance is less than \$16.25, the member will pay the lower amount.

STATUTORY AND REGULATORY REFERENCES: 17b-490 et seq. of the Connecticut General Statutes, and 17a-345-1 through 17a-345-111 of the Regulations of Connecticut State Agencies.

PROGRAM BUDGET & EXPENDITURES

BUDGET

The budget appropriated to ConnPACE for State Fiscal Year (SFY) 2006 was **\$76,550,246**. The application fees and manufacturer rebate dollars collected are applied to the expenditures of the program.

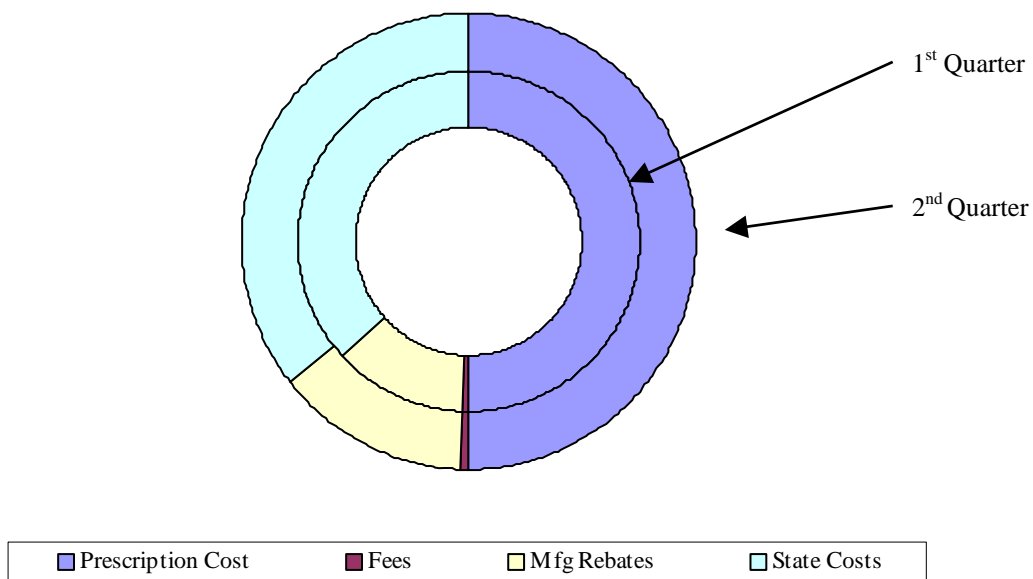
YEAR TO DATE COST BY QUARTER

The following chart provides program expenditures, fees, and rebates received by the first two quarters of the State Fiscal Year 2006.

	PROGRAM COST	PROGRAM RECEIPTS		
SFY 2006	Prescription Cost	Participant Fees Received	Manufacturer Rebates Received	Total State Expenditures
1 st	\$27,448,340	\$298,630	\$6,983,713	\$20,165,997
2 nd	\$26,687,369	\$284,812	\$7,372,953	\$19,029,604
3 rd	n/a	n/a	n/a	n/a
4 th	n/a	n/a	n/a	n/a
Total	\$54,135,709	\$583,442	\$14,356,666	*\$39,195,601

* Total State Expenditures represent the program's costs reduced by the participant fees and the manufacturer rebates received.

Quarterly Comparison of Costs & Receipts



COST BY FISCAL YEAR

Expenditures for the last ten State Fiscal Years are shown below. The data for the State Fiscal Year 2006 contains the first two quarters' expenditure information.

STATE FISCAL YEAR	PROGRAM COST		PROGRAM RECEIPTS		TOTAL STATE EXPENDITURE
	Fiscal Intermediary Services***	Prescription Cost	Participant Fees Received*	Manufacturer Rebates Received**	
1997	\$ 442,737	\$28,555,515	\$ 893,661	\$ 7,579,573	\$27,691,481
1998	\$2,276,040	\$29,032,031	\$ 758,225	\$ 7,720,576	\$30,325,600
1999	\$1,188,079	\$32,714,229	\$ 729,234	\$ 8,068,947	\$33,031,372
2000	\$1,198,650	\$39,417,855	\$ 756,607	\$ 6,744,731	\$39,500,351
2001	\$1,494,724	\$49,133,889	\$ 908,730	\$11,944,899	\$37,861,577
2002	n/a	\$62,836,089	\$1,302,249	\$14,566,394	\$44,395,923
2003	n/a	\$88,950,025	\$1,506,406	\$18,249,337	\$69,194,282
2004	n/a	\$99,279,079	\$1,597,666	\$22,409,851	\$75,271,562
2005	n/a	\$94,095,619	\$1,569,360	****\$32,009,150	*****\$60,517,109
2006	n/a	\$54,135,709	\$ 583,442	\$14,356,666	\$39,195,601

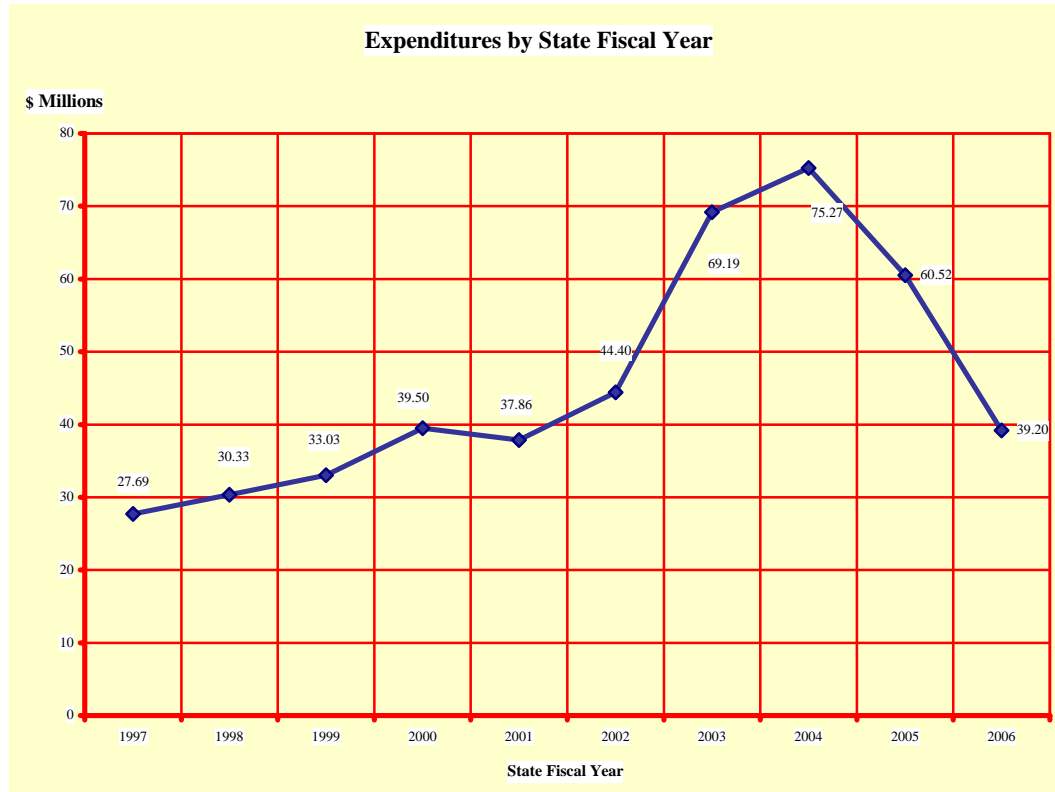
* April 1, 2003, annual fee increased from \$25.00 to \$30.00.

** Manufacturer rebates applied to program costs beginning in 2001.

*** Beginning in Fiscal Year 2002, Fiscal Intermediary Services costs were no longer applied directly to the ConnPACE account.

**** Rebates increased due to outstanding/uncollected rebate dollars being withheld by manufacturers from the ConnPACE Program due to State Pharmaceutical Assistance Program certification by Centers for Medicare and Medicaid Services.

***** Medicare Approved Drug Discount Card with the \$600 Transitional Assistance benefit per eligible client coupled with the increased rebate payments reduced the total state expenditure for SFY 2005.



Note: SFY 2006 only contains 6 months expenditure data.

ENROLLMENT

APPLICATIONS

During the semi-annual reporting period of July 1, 2005 to December 31, 2005, the Department of Social Services received 3,232 applications.

ENROLLEES

The number of people enrolled in the program for the last ten years is presented below.

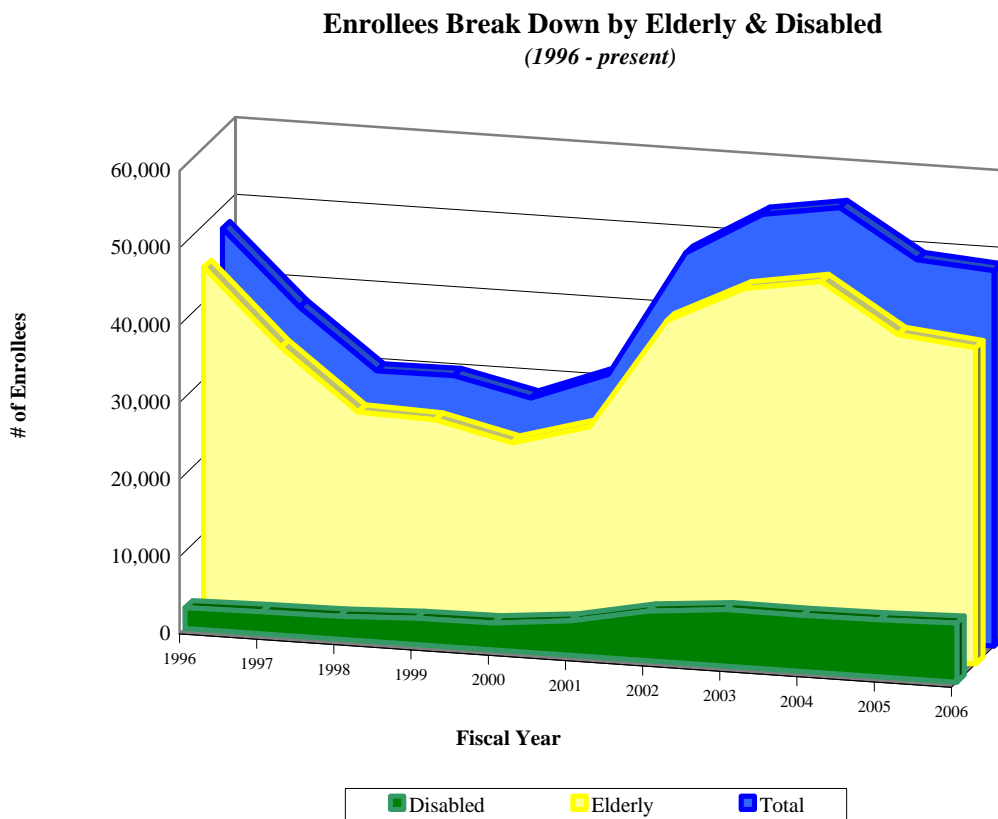
FISCAL YEAR	GAIN/(LOSS)	ENROLLMENT COUNT*
1997	(4,301)	37,676
1998	(6,255)	31,421
1999	(2,885)	28,536
2000	2,010	30,546
2001	3,304	33,850
2002	13,145	46,995
2003	3,910	50,905
2004	(2,709)	48,196
2005	1,144	49,340
2006	(705)	*48,635

* The number of enrollees count is as of December 31, 2005.

PERSONS WITH DISABILITIES

For the first two quarters of the State Fiscal Year 2006, persons with Disabilities represented approximately 16% of the total enrollment. Disabled enrollees totaled 7,645 at the end of December 2005.

ConnPACE benefits are available to persons between the ages of 18 and 64 if they receive disability benefits under the Social Security Disability Program (Title II) or the Supplemental Security Income Program (Title XVI).



CLIENT DEMOGRAPHICS

INCOME DISTRIBUTION

The following table displays the unduplicated count of enrollees for each of the different income levels for the time from July 1, 2005 to December 31, 2005. The table includes percentages representative of each group in relation to the total.

Income Levels		Number of Enrollees	Percent of Total Enrollees
From	To		
Under	\$3,000	320	0.6%
\$3,001	\$6,000	940	1.8%
\$6,001	\$9,000	4,473	8.6%
\$9,001	\$12,000	12,484	24.0%
\$12,001	\$15,000	12,555	24.2%
\$15,001	\$18,000	8,747	16.8%
\$18,001	\$21,000	6,143	11.8%
\$21,001	\$24,000	3,059	5.9%
\$24,001	\$27,000	2,391	4.6%
\$27,001	\$27,500	286	0.6%
\$27,501	\$28,900	561	1.1%
Total		*51,959	100.0%

* Total unduplicated count of eligible enrollees during the reporting time.

AGE DISTRIBUTION

The following table displays the unduplicated count of enrollees for six age levels for the period from July 1, 2005 to December 31, 2005.

Age Levels		Number of Enrollees	Percent of Total Enrollees
From	To		
18	64 (Disabled)	8,139	15.7%
65	69	4,897	9.4%
70	74	7,097	13.7%
75	79	9,099	17.5%
80	84	10,331	19.9%
85+		12,396	23.8%
Total		*51,959	100.0%

* Total unduplicated count of eligible enrollees during the reporting time period.

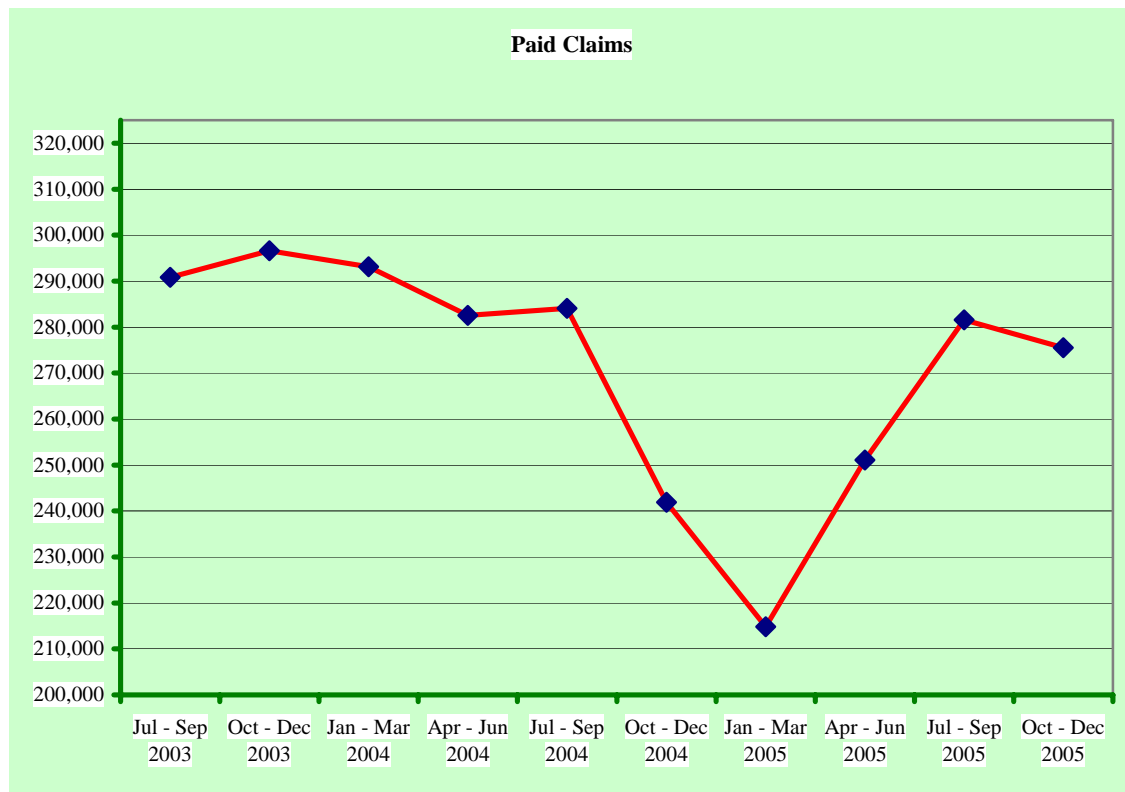
DRUG COST & UTILIZATION DATA

COST & QUANTITY BY QUARTER

During the first two quarters of SFY 2006, the ConnPACE program spent \$54,135,709 on 557,105 claims.

QUARTER	PAID CLAIMS	AMOUNT*	AVERAGE COST PER PAID CLAIM
July - September 2005	281,591	\$27,448,340	\$102.31
October - December 2005	275,514	\$26,687,369	\$101.57
January - March 2006	n/a	n/a	n/a
April - June 2006	n/a	n/a	n/a
Total	557,105	\$54,135,709	\$101.94

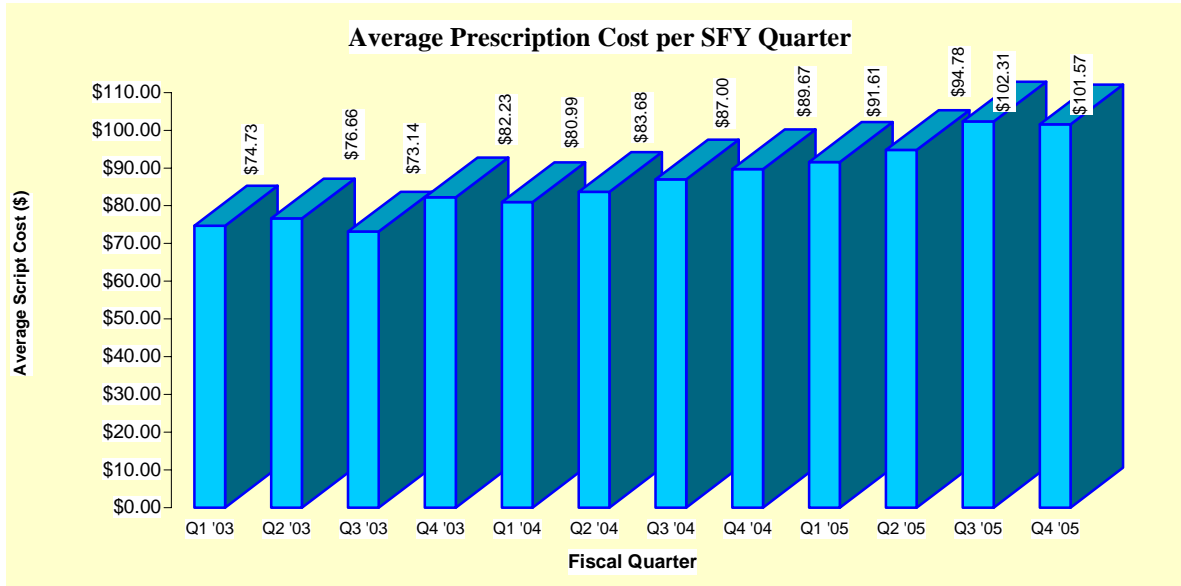
* Represents gross amount expended on claims, before adjustments



NOTE: Lower number of paid claims in fourth quarter of 2004 and first and second quarter of 2005 indicate clients utilized the Medicare Drug Discount Card.

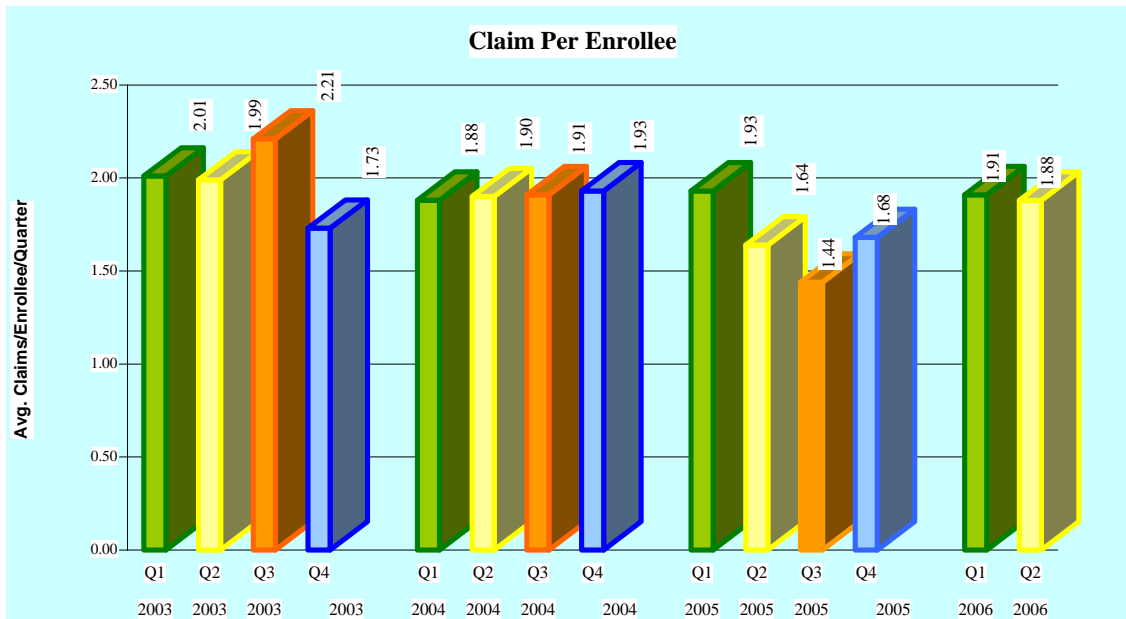
AVERAGE CLAIMS COST

The average cost per paid claim to the State for the semi-annual period of July 1, 2005 to December 31, 2005 was \$101.94. The following graph displays the average cost per prescription by quarter from State Fiscal Years 2003 through 2005 and the first-half of SFY 2006.

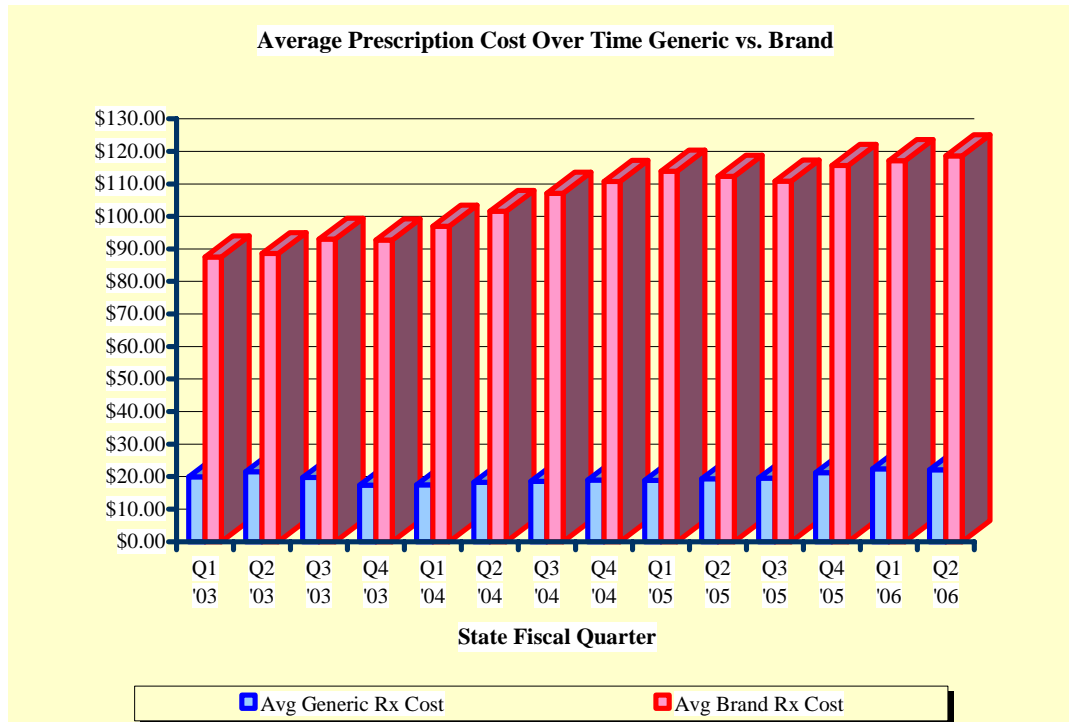


CLAIMS PER ENROLLEE

The average number of claims processed and paid per month per enrollee for the first and second quarter of SFY 2006 was 1.89. The following graph displays quarterly, the average number of claims per month per enrollee for State Fiscal Years 2003, 2004, 2005, and the first two quarters of the State Fiscal Year 2006.



During the semi-annual period of July 1, 2005 to December 31, 2005, ConnPACE paid for 557,105 claims. Of the claims paid during this period, 334,528 (47%) were generic. The average cost for **generic** prescriptions was **\$21.82**. The average cost for **brand** prescriptions was **\$116.57**.

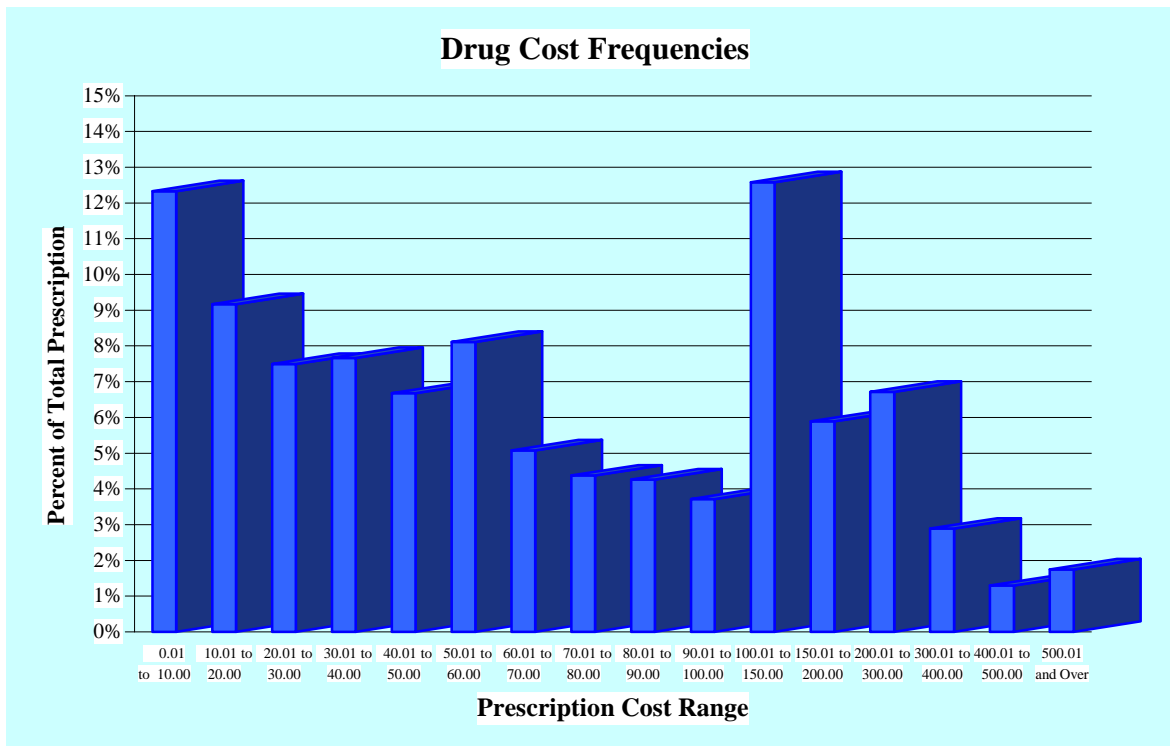


Note: Dispensing fee decreased to \$3.15 effective July 1, 2004 (see page 23)

DRUG COST FREQUENCY DISTRIBUTION

The table below shows the drug cost frequency distribution by State cost per prescription for the semi-annual period for State Fiscal Year 2006.

Prescription Cost Ranges	No. of Prescription	% of Prescription	Amount Paid	% Amount Paid
\$0.01 to \$10.00	65,671	12%	\$338,262	1%
\$10.01 to \$20.00	48,842	9%	\$701,987	1%
\$20.01 to \$30.00	39,930	7%	\$1,010,049	2%
\$30.01 to \$40.00	40,839	8%	\$1,418,184	3%
\$40.01 to \$50.00	35,556	7%	\$1,594,627	3%
\$50.01 to \$60.00	43,228	8%	\$2,410,578	4%
\$60.01 to \$70.00	27,054	5%	\$1,751,256	3%
\$70.01 to \$80.00	23,308	4%	\$1,751,446	3%
\$80.01 to \$90.00	22,710	4%	\$1,926,307	4%
\$90.01 to \$100.00	19,809	4%	\$1,861,639	3%
\$100.01 to \$150.00	67,018	13%	\$8,175,979	15%
\$150.01 to \$200.00	31,362	6%	\$5,575,966	10%
\$200.01 to \$300.00	35,771	7%	\$8,819,811	16%
\$300.01 to \$400.00	15,383	3%	\$5,441,077	10%
\$400.01 to \$500.00	6,908	1%	\$3,031,467	6%
\$500.01 and Over	9,297	2%	\$8,525,949	16%
Totals	532,686	100%	\$54,334,585	100%



TOP TEN DRUGS BY AMOUNT PAID

Rank	Drug Name	Total Amount Paid	Number of Prescriptions	Average Amount Paid	Use
1	Plavix 75mg	\$1,679,070	9,506	\$176.63	Anticoagulant
2	Prevacid 30mg	\$1,523,900	7,959	\$191.46	Gastrointestinal
3	Nexium 40mg	\$1,316,790	6,908	\$190.61	Gastrointestinal
4	Lipitor 10mg	\$1,295,194	13,119	\$98.72	Anticholesterol
5	Lipitor 20mg	\$1,279,237	8,512	\$150.28	Anticholesterol
6	Protonix 40mg	\$938,263	6,813	\$137.71	Gastrointestinal
7	Fosamax 70mg	\$835,412	8,319	\$100.42	Bone Growth
8	Zocor 20mg	\$620,041	3,504	\$176.95	Anticholesterol
9	Lipitor 40mg	\$611,381	4,125	\$148.21	Anticholesterol
10	Norvasc 10mg	\$598,866	7,019	\$85.32	Cardiac
	TOTAL	\$10,698,154	75,784	\$145.63	

The top ten drugs by amount paid are shown in the table above for the period of July 1, 2005 to December 31, 2005. The amount paid for the above ten drugs was approximately 21% of the total amount paid for all drugs dispensed during this semi-annual period.

For these top ten drugs, from the previous semi-annual period:

- the total amount paid increased from \$8,887,180 to \$10,698,154.
- the total number of prescriptions increased from 63,014 to 75,784.
- the average cost per prescription decreased from \$146.26 to \$145.63.

TOP 30 DRUGS BY NUMBER OF PRESCRIPTIONS

Rank	Drug	# of Rx	Amount Paid	Average Amount Paid	Use
1	Lipitor 10mg	13,119	\$1,295,194	\$98.72	Anticholesterol
2	Plavix 75mg	9,506	\$1,679,070	\$176.63	Anticoagulant
3	Lipitor 20mg	8,512	\$1,279,237	\$150.28	Anticholesterol
4	Norvasc 5mg	8,432	\$501,853	\$59.51	Cardiac
5	Fosamax 70mg	8,319	\$835,412	\$100.42	Bone Growth
6	Prevacid 30mg	7,959	\$1,523,900	\$191.46	Gastrointestinal
7	Norvasc 10mg	7,019	\$598,866	\$85.32	Cardiac
8	Nexium 40mg	6,908	\$1,316,790	\$190.61	Gastrointestinal
9	Protonix 40mg	6,813	\$938,263	\$137.71	Gastrointestinal
10	Toprol XL 50mg	5,740	\$176,044	\$30.66	Cardiac
11	Ambien 10mg	5,566	\$536,164	\$96.32	Insomnia
12	Zetia 10mg	4,914	\$549,097	\$111.74	Anticholesterol
13	Xalatan 0.005%	4,589	\$203,023	\$44.24	Glaucoma
14	Actonel 35mg	4,551	\$435,298	\$95.64	Osteoporosis
15	Toprol XL 100mg	4,212	\$219,259	\$52.05	Cardiac
16	Lipitor 40mg	4,125	\$611,381	\$148.21	Anticholesterol
17	Lexapro 10mg	4,082	\$326,926	\$80.08	Antidepressant
18	Zocor 20mg	3,504	\$620,041	\$176.95	Anticholesterol
19	Combivent 103-18MC	3,432	\$256,435	\$74.71	Bronchodilator
20	Celebrex 200mg	3,276	\$370,663	\$113.14	Arthritis, NSAID
21	Toprol XL 25mg	3,236	\$85,549	\$26.43	Cardiac
22	Aricept 10mg	3,224	\$544,930	\$169.02	Alzheimer's Disease
23	Advair Diskus 250-50mc	3,162	\$481,284	\$152.20	Bronchodilator
24	Lantus 100µ/ml	3,011	\$286,422	\$95.12	Antidiabetic
25	Flomax 0.4mg	2,988	\$268,439	\$89.83	Prostate Treatment
26	Ambien 5mg	2,959	\$216,406	\$73.13	Insomnia
27	Aciphex 20mg	2,925	\$556,996	\$190.42	Gastrointestinal
28	Zocor 40mg	2,898	\$534,282	\$184.36	Anticholesterol
29	Pravachol 40mg	2,867	\$589,600	\$205.65	Anticholesterol
30	Spiriva 18mcg	2,751	\$316,870	\$115.18	Bronchodilator
	Total	154,599	\$18,153,694	\$117.19	

Note: The above thirty (30) drugs represent approximately 22% of all the drugs dispensed during this semi-annual period. The average paid amount for the top thirty drugs increased from the previous semi-annual period \$105.97 to \$117.19. The number of prescriptions increased from 132,277 to 154,599.

MANUFACTURER REBATE PROGRAM

BACKGROUND

Pharmaceutical manufacturers are required to participate in the Manufacturer Rebate Program in order to have their pharmaceutical products covered by ConnPACE. The rebate is equivalent to the rebate supplied under Section 1927 of Title XIX of the Social Security Act.

REBATE AMOUNT

The amount of the rebate is the sum of the Basic Rebate Amounts of each drug product (computed for each dosage form and strength of each prescription drug) calculated by the manufacturer and supplied to the Centers for Medicare and Medicaid Services (CMS) and applied as follows:

- 1) Multiply the total number of units paid under ConnPACE for the program participants during the quarter by
- 2) Basic Rebate Amount for the drug, plus when applicable
- 3) The Additional Rebate (equal to the rebate amount calculated for Medicaid according to Section 1927 (C)(2) of the Social Security Act).

The rebate must be paid quarterly and be based on quarterly utilization information sent by the Department to participating drug manufacturers.

PARTICIPATION

As of December 31, 2005, a total of 315 manufacturers were participating in the Rebate Program.

The only drugs that continued to be covered without a Rebate Agreement with the manufacturers are:

- Dapsone (prescribed for the treatment of Leprosy)
- Mestinon (prescribed for the treatment of Myasthenia Gravis)
- Benoquin (prescribed for the treatment of malignant moles and tumors)
- Urso (prescribed for the treatment of gallstone dissolution)
- Canasa Suppositories (prescribed for the treatment of chronic inflammatory bowel disease)
- Colazal (prescribed for the treatment of mildly to moderately active ulcerative colitis)

These drugs were selected because there are no other equivalent drugs available to treat these diseases.

REBATES RECEIVED

During the first two quarters of the fiscal year, ConnPACE received \$14,356,666 in rebates from manufacturers. Rebates are applied directly to the expenditures of the program.

QUARTER	REBATES
Jul - Sep, 2005	\$6,983,713
Oct - Dec, 2005	\$7,372,953
Jan - Mar, 2006	n/a
Apr - Jun, 2006	n/a
TOTAL	\$14,356,666

CLIENT APPEALS

An appeal is a written or an oral request for reconsideration of an eligibility determination made to the Department by an applicant or participant.

During the semi-annual period of July 1, 2005 to December 31, 2005, the Department received eight (8) requests for appeal. These requests were related to over-income and retroactive eligibility. Two (2) were denied for over-income and six (6) were granted for retroactive eligibility.

OUTREACH

With federal funding received, the Department collaborated with CHOICES staff to provide education, outreach and/or program coordination for the new Medicare Prescription Drug Benefit (Medicare Part D) for beneficiaries and community agencies that specialized in elder and disability care. Additionally, a number of partnerships were developed throughout the state to promote, as well as inform individuals who may be affected by, the new Medicare Prescription Drug Benefit. Provided below are several examples of outreach efforts:

- Participated with the Medicare Modernization Act Workgroup, which consisted of thirty-five partnering agencies (federal, state, and local) to coordinate efforts, strategies, and activities to implement Medicare Part D;
- Conducted a one-day workshop for Long-Term Care Professionals to assist with understanding the relationship between the Medicare Rx Prescription Drug Coverage Program and their patients/clients, with representatives from the Social Security Administration, Centers for Medicare and Medicaid Services (CMS), and the Department;
- Broadcasted on Connecticut Public Television (CPTV) a “live” Medicare Part D Town Hall Meeting with physicians, pharmacists, and representatives from both CMS and the Department;
- Implemented an advertisement campaign with CPTV, WNPR and *Connecticut Magazine*;
- Mailed ConnPACE client letters providing important facts about Medicare Part D and how to apply for low-income subsidy, as well as a voucher for a one-on-one pharmacy consultation for Medicare Rx Prescription Drug Plan Selection;
- Produced a twenty-minute Medicare Part D informative DVD for distribution to senior centers, cable public access stations, and the five Area Agencies on Aging;
- Partnered with the Connecticut Pharmacy Association (CPA) in educating pharmacists and developing an open communication line for proper billing;
- Contracted with the University of Connecticut – School of Pharmacy and the CPA, as well as utilized DSS Pharmacy Consultants, to review the drug regimens of each ConnPACE client to facilitate auto-enrollment; and
- Traveled with the Medicare Rx Eligibility / Enrollment Bus throughout Connecticut to assist residents with Part D eligibility, as well as other DSS programs, such as Medicare Savings Programs, Medicaid, Food Stamps, etc. The Medicare Rx Eligibility / Enrollment Bus is routinely staffed with CHOICES counselors, pharmacists, and DSS Staff.

The Department continues to support www.connpace.com, to make program information, application forms, brochures, reports to the Governor, and links to other related sites more widely available.

MEDICARE DRUG DISCOUNT CARD

As a condition of ConnPACE eligibility (per Public Act 04-6), a ConnPACE client with an annual income equal to or less than 135% of the federal poverty level (FPL) (\$12,920 single/\$17,321 married) must obtain a Medicare-Approved Drug Discount Card with the \$600 transitional benefit. From June 17, 2005 to January 5, 2006, ConnPACE clients utilized the Medicare Approved Drug Discount Cards transitional assistance prescription benefit resulting in a savings of \$5.14 million for the Department on 135,839 claims. As of December 31, 2005, there were 22,430 clients enrolled in a Medicare Drug Discount Card.

The Department continued to work closely with ConnPACE staff from Electronic Data Systems (EDS) on the on-going enrollment of ConnPACE clients into the Medicare Transitional Assistance Program (TAP) until the \$600 transitional benefit was used or the participant was enrolled in a Medicare Part D Prescription Drug Plan. This has included working with pharmacy providers to coordinate payment of benefits between Medicare discount cards and ConnPACE; as well as working with major pharmacy chains, such as CVS and Brooks, on claim submissions to ensure ConnPACE clients would not have problems with claims that involved a discount card and the transition into utilizing their new Medicare Part D card.

The Medicare-Approved Drug Discount Card concluded on May 15, 2006, as it has been replaced by the new Medicare Part D drug benefit.

MEDICARE MODERNIZATION ACT

In December 2003, the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) was enacted into law. This new law is one of the most significant changes to Medicare since its inception. The MMA establishes a new voluntary outpatient prescription drug coverage program (Medicare Rx). Everyone with Medicare Part A or Part B is eligible to join. The new benefit will become available to beneficiaries beginning on January 1, 2006.

The Department continues working in a joint effort with the Centers for Medicare and Medicaid Services (CMS) and the Social Security Administration (SSA) to implement this new program. SSA mailings continue through August 16, 2005 to Medicare beneficiaries with limited income, as extra help with prescription drug costs is available for those who qualify. Individuals with incomes up to 150% of the federal poverty level (FPL) (\$14,355 single/\$19,245 married) and countable resources up to \$10,000 for an individual and \$20,000 for a couple are eligible for this extra help assisting with premiums and cost sharing. In December 2005, ConnPACE issued a targeted mailing to over 20,000 current recipients to instruct them to apply for this SSA extra help with Part D costs, as a condition of their ConnPACE eligibility. The Department has included an application for extra help and return envelope to the SSA with this mailing. The current ConnPACE clients who receive Supplemental Security Income (SSI) or are eligible for one of the Medicare Savings Programs have received a letter from Medicare informing them that they will be receiving this extra help automatically, and will not need to submit an application. Additional information, or assistance completing the application is available by calling SSA at 1-800-772-1213 or by visiting their website at www.socialsecurity.gov.

On December 19, 2005, all ConnPACE clients were mailed a letter to advise that ConnPACE is not “going away” but will instead be enhanced by the new Medicare Rx benefit. ConnPACE will be providing wrap-around coverage such as full monthly premium assistance for the first benefit year (January 1, 2006 – December 31, 2006), assistance with out of pocket costs above the current \$16.25 copayment, and coverage of non-formulary drugs through the ConnPACE exception process. This letter advises ConnPACE beneficiaries that the Department is prepared to assist in selection of the most appropriate Medicare Rx plan for their individual needs.

ISSUES AND RECOMMENDATIONS

Benefit wrap-around with the new federal Medicare Prescription Drug Benefit (Part D), was one of the major initiatives that the ConnPACE program focused on during the first half of SFY 2006. The Department worked collaboratively with its Fiscal Analysis Division and the Office of Policy and Management in developing changes to the ConnPACE program related to the implementation of the new federal Medicare Prescription Drug Benefit (Medicare Rx) that began January 1, 2006.

In September 2005, Medicare announced the seventeen Prescription Drug Plans (PDP) that would offer forty-four individualized Medicare Rx benefit packages in Connecticut. Governor Rell and legislative members were concerned the implementation of Medicare Rx could negatively influence the 50,000 seniors and persons with disabilities who received pharmacy assistance through the ConnPACE program. It was critical to meet with the Governor, her staff, and legislative leaders on a continuing basis to discuss the framework of the program and the potential Connecticut specific solutions. During this time, the Department conducted face-to-face meetings and conference calls with the newly announced PDP organizations to discuss current benefit structure and analyze the coordination of benefit with the ConnPACE program.

ConnPACE has taken additional steps in order to meet the prescription drug needs of their beneficiaries. One major focus of the Department was to ensure that ConnPACE Medicare eligible beneficiaries enroll in Medicare Rx. This auto-enrollment authority was given to the Department through state legislation and federal authority granted by CMS. ConnPACE has collaborated with the UCONN School of Pharmacy and the Connecticut Pharmacy Association, as well as utilizing DSS in-house pharmacists, to review the maintenance drug regimen of all ConnPACE recipients for the last six months of claims history. Using the CMS plan finder tool, the most appropriate and cost effective PDP were identified. The ConnPACE client was notified of the three most appropriate prescription drug plans and given a determined time period to select one of the plans. In the event the individual failed to select a plan, the Department advised them that they were to be auto-enrolled into the most appropriate plan. The drug regimen review is an important factor in the auto enrollment process. It not only provided the most appropriate plan for the ConnPACE beneficiary with regard to their individual healthcare needs, but also should provide the most cost effective plan to maximize state savings. The ConnPACE program worked with all the PDPs offered in the Connecticut region.

PROGRAM HISTORY

PUBLIC ACT 85-573 created the ConnPACE program that began providing benefits to the elderly on April 1, 1986. This Public Act instituted a 15-month pilot program to provide the following:

- 50% participant co-pay per prescription
- Income limits of:
 - \$9,000 for a single person, 65 years of age or older
 - \$12,000 for a married couple, 65 years of age or older
- A \$15.00 annual enrollment fee
- Prescription quantities limited to a 30-day supply or 100 units whichever was lower
- Provider reimbursement based on the average wholesale price minus 6% plus a dispensing fee.

PUBLIC ACT 87-3 amended the program effective April 1, 1987. The pilot program became a permanent program and the following changes were made:

- The participant co-pay changed to \$4.00 per prescription
- The income limits increased to:
 - \$13,300 for a single person
 - \$16,000 for a married couple
- The disabled, 18 years of age or older, were included
- The enrollment fee was eliminated
- The quantities allowed were increased to a 30-day supply or 120 units whichever was greater
- The provider reimbursement changed to the formula used by the Department of Income Maintenance
- Pharmacies located in health care institutions were allowed to participate in the program.

PUBLIC ACT 87-12 redefined “prescription drugs” to include drugs which require a prescription of a licensed practitioner for dispensing in the State of Connecticut.

PUBLIC ACT 87-267 amended the definition of “income” to exclude Medicaid payments.

PUBLIC ACT 87-589 revised the definition of “disabled” to specify a person between 18 and 64 years of age and receiving disability benefits under Title II or Title XVI of the Social Security Act.

REGULATIONS OF CONNECTICUT STATE AGENCIES, SECTION 17-516-24 was amended to increase the income limits to \$13,800 for single individuals and \$16,600 for married couples, effective January 1, 1990.

SPECIAL ACT 90-18 increased the participant co-payment amount to \$6.00 per prescription effective July 1, 1990.

PUBLIC ACT 90-89 ended coverage for products prescribed for cosmetic purposes effective December 19, 1990.

PUBLIC ACT 91-8 of the June Special Session made the following changes effective September 15, 1991:

- Increased the participant co-payment to \$10.00 per prescription
- Required all participants and applicants to pay a one-time \$15.00 registration fee
- Ended coverage for antihistamines, contraceptives, cough preparations, diet pills, multivitamin combinations, and smoking cessation gum
- Required mandatory generic substitution unless a physician indicates the brand is medically necessary
- Eliminated the \$0.50 generic incentive fee
- Changed reimbursement to pharmacies from package sizes of 100 to actual package size
- Changed reimbursement to direct price for those pharmacies who purchase directly from the manufacturer
- Retroactive to July 1, 1991, created a Manufacturer Rebate Program based on a flat 11% of the Average Manufacturers Price.

PUBLIC ACT 92-196 discontinued coverage for individuals who have full or partial coverage for prescription drugs once a deductible amount is met. The Manufacturer Rebate Program Language was modified with changes effective July 1, 1992.

PUBLIC ACT 93-80 changed the Manufacturer Rebate amount to the basic rebate supplied by the manufacturer under Section 1927 of Title XIX of the Social Security Act effective July 1, 1993.

PUBLIC ACT 93-418 changed the participant co-pay to \$12.00 per prescription effective July 1, 1993.

PUBLIC ACT 94-5 of the May Special Session excluded the Medicare Part B premium from an applicant's Social Security income effective July 1, 1994.

PUBLIC ACT 95-160 changed the one-time fee to an annual registration fee of \$25.00 effective July 1, 1995.

PUBLIC ACT 95-351 changed the Manufacturer Rebate to equal the same rebate supplied by the manufacturer under Section 1927 of Title XIX of the Social Security Act effective July 1, 1995.

THE CONNECTICUT STATE BUDGET 1995-1997 authorized a change in the Estimated Acquisition Cost (E.A.C.) reimbursement rate from Average Wholesale Price (A.W.P.) minus 8% to A.W.P. minus 12%, plus the applicable dispensing fee, effective October 1, 1995.

PUBLIC ACT 97-2 of the June 18th Summer Session authorized a change in the program's income limits. Effective January 1, 1998, the income limits will be increased to reflect the cost of living (COLA) increase provided by the Social Security Administration, if any.

PUBLIC ACT 98-194 allowed for any ConnPACE eligible applicant who is insured under a private policy, which provides limited prescription coverage, and expects to exhaust such coverage, to apply to participate in ConnPACE prior to the exhaustion of such coverage. Eligibility will be granted retroactive to the day that the private insurance benefit has been exhausted. Verification from the private insurance that the maximum benefit has been reached is required.

PUBLIC ACT 00-2 of the June Special Session allowed for the establishment of a plan for the prior authorization of (1) any initial prescription for a drug covered under the program that costs five hundred dollars or more for a 30 day supply or (2) any early refill of a prescription drug covered under the program. Additionally, a procedure shall be established by which an independent pharmacy consultant authorizes the dispensing of a brand name drug product when a chemically equivalent generic drug product is available.

THE CONNECTICUT STATE BUDGET 2000-2001 changed the accounting for the Manufacturer Rebate. Effective July 1, 2000, rebate collections are used to offset program expenditures directly and are no longer deposited to the General Fund as revenue.

PUBLIC ACT 01-2 of the June 2001 Special Session established income limit increases to the ConnPACE program effective April 1, 2002. These income limits were increased to \$20,000 for a single individual and \$27,100 for married couples.

PUBLIC ACT 02-1 of the May 9, 2002 Special Session:

- Authorized the Commissioner of Social Services to establish maximum allowable costs (MAC) to be paid under the ConnPACE program for generic prescription drugs.
- Authorized the Commissioner of Social Services to establish a voluntary mail order option for maintenance prescription drugs covered under ConnPACE.
- Established a Pharmaceutical and Therapeutics (P&T) Committee within the Department of Social Services consisting of eleven members appointed by the Governor to meet at least quarterly.
 - Directed the Department of Social Services to adopt a preferred drug list upon the recommendation of, and review by, the P&T Committee.
 - Allowed pharmaceutical manufacturers to provide supplemental rebates for drugs included on the preferred drug list.
- Reduced the dispensing fee paid to pharmacies from \$4.10 to \$3.85 per prescription, effective September 1, 2002.
- Authorized the Commissioner of Social Services to implement a pharmaceutical purchasing initiative through a contractor.

PUBLIC ACT 02-7 of the May 9, 2002, Special Session: Changed co-pay requirements per prescription for individuals determined eligible on or after September 1, 2002, to:

- \$12.00 if participant is not married with annual income less than \$15,900; or
- \$12.00 if participant is married with combined annual income less than \$21,500; or
- \$15.00 if participant is not married with annual income greater than or equal to \$15,900 and less than or equal to \$20,000; or
- \$15.00 if participant is married with combined annual income greater than or equal to \$21,500 and less than or equal to \$27,100; or

If a participant is determined continuously eligible prior to September 1, 2002, that participant's co-pay shall remain at \$12.

If a federal waiver is granted, co-payment shall be:

- \$20 if participant is not married and annual income exceeds \$20,000, or
- \$20 if participant is married and combined annual income exceeds \$27,100.

Income limits that set participant co-payments shall increase annually by the annual inflation adjustment in Social Security income, if any, determined to the nearest \$100.

PUBLIC ACT 03-2 eliminated the tiered and grandfathered co-payment structure and increased the co-payment amount to \$16.25 per prescription for all clients. The Act also increased the annual enrollment fee to \$30, and reduced pharmacists' dispensing fees from \$3.85 to \$3.60.

PUBLIC ACT 03-3 decreased the pharmacists' dispensing fee to \$3.30 per prescription, effective November 1, 2003. Also, the Act introduced an Asset Test to the ConnPACE program. The ConnPACE asset determination was to follow the asset determination criteria of the Connecticut Home Care Program for the Elderly. For a single participant, the available assets must be less than \$100,000 or; for a married participant, the available assets combined with those of a spouse must be less than \$125,000. In addition, the Act included an Estate Recovery provision to the ConnPACE program. This authorized the State to seek recoupment from the participant's estate for the total amount of ConnPACE benefits received by the deceased on or after July 1, 2003.

PUBLIC ACT 04-6 as a condition of eligibility for participation in the ConnPACE program, a ConnPACE client with an annual income equal to or less than the Federal Poverty Level of 135% (for a single person is \$12,569, for a married couple is \$16,862), who is Medicare Part A or Part B eligible, must obtain a Medicare-Approved Drug Discount Card endorsed by the Secretary of Health and Human Services with the \$600 Transitional Assistance Prescription Benefit, effective March 30, 2004. In addition, pharmacies participating in the ConnPACE program must accept all Medicare-Approved Drug Discount Cards endorsed by the Secretary of Health and Human Services.

PUBLIC ACT 04-101 the Department may sign required forms and enroll ConnPACE participants, who are eligible, to an endorsed Medicare-Approved Drug Discount Card with the \$600 Transitional Assistance Prescription Benefit, if the participant does not select an endorsed Medicare-Approved Drug Discount Card on his or her behalf.

PUBLIC ACT 04-258 decreased the pharmacists' dispensing fee to \$3.15, effective July 1, 2004. Also, the state repealed the asset testing and estate recovery, effective June 4, 2004.

PUBLIC ACT 05-280 authorized a change in the Estimated Acquisition Cost (EAC) reimbursement rate paid to pharmacies from Average Wholesale Price (AWP) minus 12% to AWP minus 14% effective July 1, 2005. Additionally, the act made adjustments to the ConnPACE program in response to the federal Medicare Part D prescription drug plan that begins on January 1, 2006, such as:

1. mandates monthly premium payments for ConnPace clients
2. continuance of the maximum co-payment of \$16.25 per prescription
3. eliminates the pharmacy dispensing fee of \$3.15 when a beneficiary accesses Medicare Part D
4. maintains utilization of prior or current annual income at time of application or renewal

The act requires a client to have Medicare Part D coverage and requires the pharmacy to make reasonable efforts to ascertain whether the individual has Medicare Part D benefits.

A ConnPACE Medicare Part D beneficiary is responsible for paying Part D copayments, coinsurance, and deductible requirements for Part D covered drugs, to the extent they do not exceed the ConnPACE copayment requirements. DSS is to pay the Medicare Part D monthly premiums for the beneficiary. If the Part D beneficiary's out-of-pocket copayment, coinsurance, or deductible requirements exceed the ConnPACE copayment requirements, the act requires DSS

to pay the pharmacy to cover costs above the ConnPACE copayment. It makes DSS responsible to pay to the same extent for a Medicare Part D covered drug that is on a plan formulary when it is obtained during the gap in the standard coverage.

The act requires people eligible for the Medicare Part D program to enroll in it as a condition for ConnPACE eligibility. Starting July 1, 2005, a ConnPACE applicant or recipient must, as a condition of eligibility, provide information about his assets and income (and his spouse's if they live in the same household), as DSS requires to determine the extent of federal benefits for which he may be eligible under Medicare Part D.

Also, it requires a ConnPACE applicant or recipient to appoint the DSS commissioner as his authorized representative for (1) applying to the Social Security Administration to obtain the Part D low-income subsidy, (2) appealing any denial of Medicare Part D benefits, and (3) for any other purpose the federal law allows if the commissioner deems it necessary. It allows the commissioner to sign required forms and enroll the ConnPACE applicant or recipient in a Medicare Part D plan.

The commissioner must give the individual an opportunity to choose a plan and must notify him of this opportunity. If the person does not choose a plan within a reasonable time, as determined by the commissioner, DSS must enroll him in a plan she designates.

The act makes the law concerning the temporary two-year Medicare drug discount cards effective only until the new Medicare Part D program begins.

PUBLIC ACT 05-2 of the November 2, 2005 Special Session made several adjustments to PA 05-280 to fill in gaps for ConnPACE recipients in the state's coordination with the federal Medicare Part D prescription assistance program, which began on January 1, 2006. Specifically, it:

1. established a "Medicare Part D Supplemental Needs Fund" to help Medicare Part D beneficiaries who are also ConnPACE participants who cannot pay for medically necessary nonformulary drugs, authorizes the Department to set conditions and procedures for this assistance, and transfers \$5 million to the fund from Medicaid appropriations for FY 06;
2. eliminated DSS's authority to make the ConnPACE client, in certain situations, responsible for paying the difference between what DSS pays for a drug on a plan's formulary and the price of the drug above the usual \$16.25 ConnPACE copay;
3. gave ConnPACE recipients and applicants an opportunity to consult with the commissioner, or her agent, about Medicare Part D plan selection before choosing one and transfers \$1 million from Medicaid appropriations for FY 06 to provide additional resources for these services; and
4. allowed the DSS commissioner to establish a mail order option for all drugs under Part D plans.

PUBLIC ACT 05-3 of the November 2, 2005 Special Session the department shall enroll all ConnPACE participants into a Medicare Prescription Drug Plan if the participant(s) do not enroll themselves within a reasonable time. This act also allows the Commissioner to apply to Social Security Administration for federal Medicare Part D low-income subsidies on behalf of low-income ConnPACE participants, as stated in Public Act 05-280.