Agency code: **529** Agency name: **Health and Human Services Commission**

GOAL: 2 Medicaid
OBJECTIVE: 2 Other Medicaid Services
STRATEGY: 3 Prescription Drug Coverage for Dual-Eligibles.

Statewide Goal/Benchmark: 3 0
Service Categories:
Service: NA Income: A.2 Age: B.3

CODE DESCRIPTION	Exp 2005	Est 2006	Bud 2007	BL 2008	BL 2009
Objects of Expense:					
3001 CLIENT SERVICES	$0	$0	$0	$292,916,177	$297,309,920
TOTAL, OBJECT OF EXPENSE	**$0**	**$0**	**$0**	**$292,916,177**	**$297,309,920**
Method of Financing:					
8092 Medicare Giveback Provision	$0	$0	$0	$292,916,177	$297,309,920
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)	**$0**	**$0**	**$0**	**$292,916,177**	**$297,309,920**
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)				**$292,916,177**	**$297,309,920**
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)	**$0**	**$0**	**$0**	**$292,916,177**	**$297,309,920**

FULL TIME EQUIVALENT POSITIONS:

STRATEGY DESCRIPTION AND JUSTIFICATION:

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) requires the Medicare program to assume responsibility for drug coverage for certain Medicare-eligible Medicaid recipients who previously received their drug coverage through the Medicaid program. The new Medicare Part D program assumed responsibility for this drug coverage in January 2006. However state Medicaid programs are required to provide part of the funding for this Medicare benefit in the form of payments to the federal government based on a formula contained in the legislation.

The formula is based on CY 2003 Medicaid drug costs for this group and an inflation factor and results in a state per capita cost. The monthly payment amount are based upon monthly per capita cost for each year times the dual eligible monthly caseload that is enrolled in Part D. The state's payment percentage phases down over time: states must provide 90% of this amount in CY 2006, finally phasing down to 75% in 2015. These Medicare Part D phasedown payments are federally mandated and now is a maintenance of effort requirement for the Medicaid program even though the payments are 100 percent state funds.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

Agency code: **529** Agency name: **Health and Human Services Commission**

GOAL: 2 Medicaid
OBJECTIVE: 2 Other Medicaid Services
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Statewide Goal/Benchmark: 3 0
Service Categories:
Service: NA Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2005	Est 2006	Bud 2007	BL 2008	BL 2009

The amount of the phasedown payments depends on the number of full dual eligible clients (fully eligible for both Medicare and Medicaid benefits) are on the caseload in that month and how many of those clients are also enrolled in Part D, a voluntary Medicare program.

This obligation created a new interaction between Medicare and the state Medicaid program that requires frequent data exchanges between the state and the federal government. Medicare Part D cover began January 2006.

During the 2006-07 biennium, the "clawback" payments were paid from the Medicare payment strategy due to veto of this appropriation. Payments for the 2008-09 biennium are reflected in this strategy.