
OFFICE OF GOVERNOR RONNIE MUSGROVE
INTEROFFICE MEMORANDUM

TO: GOVERNOR & RENICK
FROM: BOYD & WANDA
SUBJECT: HEINZ DRAFT REPORT
DATE: 10/10/2001
CC: FILE

Attached is the first draft of the Heinz Report on Prescription Drugs for Seniors. Jeff Lewis and Theresa Heinz are slated to attend and present this report for the October 22nd Senior Summit. This report recommends the creation of a prescription drug benefit program for seniors, age 65 and older, with incomes less than 200% Federal Poverty Level. Approximately, two-thirds of Mississippi's 65 and older population have incomes less than 200% FPL.

Here is an overview of the preferred option under this proposal (see Section V, p. 21):

1. The enrollment cap for the first year is set at approximately 33,000 participants with slight increases annually.
2. Participants must pay a monthly premium (\$10) and an annual deductible (\$50), with annual increases to cover inflation.
3. Participants would also pay in cost sharing fees (co-insurance) depending on their drug selection (i.e., generic fee, 30%; Preferred Brand fee, 50%; and Non-Preferred Brand fees, 90%).
4. Maximum annual benefit of \$2,000 per participant.
5. Total Cost for the preferred option is \$20-23.5 million, with an adjustment for continued enrollment and inflation averaging slightly more than 10%.

There are options to minimize the cost to the state, including doubling the monthly premium, reducing the annual benefit cap to \$1,500 or \$1,000, or raising the annual deductible. These options can be worked out with the legislature during the passage of this plan. We have asked Jeff Lewis to work up some additional numbers should you wish the preferred recommendation to differ from its present form.

OTHER CONCERNS

The tenor of the report is somewhat partisan. I am not sure that it is necessary in this report. The issue is not one of partisanship in Mississippi. Although this is an issue for the Congress and the Bush Administration, you should consider the direction and audience that you want to use this report to influence.

Additionally the suggestion of an Prescription Drug Review Commission is positive in terms of managing the program and determining the formulary for prescription drugs, the Legislature should not have a substantial role in this commission as proposed. The legislative leaders should have an advisory role to the commission; however, the administration of the program should be the sole responsibility of the executive branch, specifically Medicaid of DFA-Insurance.