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TESTIMONY

BILL: AB 283 Provides for subsidies from Fund for a Healthy Nevada for coverage of limited-scope dental and vision benefits to certain senior citizens

DEPARTMENT OF HUMAN RESOURCES

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Good afternoon, Chairman Koivisto and members of the Committee. I am Mary Liveratti, Deputy Director of the Department of Human Resources. With me today is Jane Smedes, Management Analyst IV, who oversees the Senior Rx program. We are here to provide information on AB 283, which would add limited dental and vision benefits to the prescription drug benefits currently available for senior citizens under the Senior Rx program. These additional services would be paid for from the 30% of tobacco settlement revenues set aside for the Senior Rx program from the Fund for a Healthy Nevada.

To be eligible for Senior Rx a person must be 62 years or older, be a Nevada resident for at least one year, have a household income not over \$21,500 and not be eligible for Medicaid prescription benefits. At this time, the Senior Rx program has 7,500 seniors enrolled with 1,475 persons on the waiting list. The Executive Budget includes a decision unit to expand the program

to serve 12,000 seniors by the end of the next biennium. The Governor has proposed using \$5 million in state general funds to fund this expansion.

While we recognize the need for vision and dental services for low and moderate income seniors, without additional revenue, we are concerned that the cost to provide these services, even on a limited basis, would decrease the number of seniors who could be helped with their prescription costs. We do not anticipate any additional funding through the tobacco settlement funds. The estimate provided by LCB currently indicates that the tobacco dollars for FY 2004 and FY 2005 will be 6.4% less than the original estimate. The initial projection for the tobacco settlement receipts for FY 04 was \$41 million, but the revised estimate is \$38 million.

In order to determine the cost to add vision and dental services, we contacted the Department of Insurance. They provided us with an average group rate for vision and dental coverage. Based on this information, we estimated the cost to be roughly \$4.8 million for SFY 2004 and \$5.7 for SFY 2005.

However, the benefits were not designed specifically for seniors, so we may experience a higher cost to cover the senior population.

We could further refine the fiscal impact, by defining what the limited vision and dental benefits would include. We need to consider deductibles, co-payments, extent of coverage, such as limits to major dental work or extent of preventive care. A plan with a lower maximum benefit or higher co-payment for the member may cost less.

In an effort to expand funding for prescription coverage for seniors, the Department of Human Resources has been researching the possibility of accessing federal funds through a Medicaid Pharmacy Plus Waiver. Two weeks ago, DHR and LCB staff attended a half day meeting with a representative from the South Carolina Medicaid Pharmacy Plus Waiver program to explore the benefits and limitations of these waivers. We have also contacted our representative with the Centers for Medicare and Medicaid Services (CMS) to discuss the possibility of adding vision or dental services to this kind of waiver.

Although the response has been fairly positive, we were cautioned that these waivers must maintain budget neutrality. The intention of the Pharmacy Plus Waiver is to assist individuals in maintaining their healthy status and to avoid spending down to Medicaid income and asset eligibility levels. According to CMS, Nevada must be successful in diverting Medicaid eligibility in order for the demonstration to be budget neutral. We will continue to pursue the Pharmacy Plus Waiver in an effort to maximize federal dollars in providing prescription coverage.

In summary, although we certainly would like to see some help with vision and dental services for low and moderate income seniors, we do not want to see new services added at the expense of the prescription drug program.

We would be pleased to answer any questions the committee may have.