



Wes Moore, Governor · Aruna Miller, Lt. Governor · Meena Seshamani, M.D., Ph.D., Secretary

June 26, 2025

The Honorable Wes Moore
Governor
100 State Circle
Annapolis, MD 21401-1925

The Honorable Bill Ferguson
President of the Senate
H-107 State House
100 State Circle
Annapolis, MD 21401-1925

The Honorable Adrienne A. Jones
Speaker of the House of Delegates
H-101 State House
100 State Circle
Annapolis, MD 21401-1925

RE: HB 489 (Ch. 321 of the Acts of 2016) and Health – General §15-1005(a) – Senior Prescription Drug Assistance Program Annual Report – 2024 Program Year

Dear Governor Moore, President Ferguson and Speaker Jones:

Pursuant to Health – General §15-1005(a), enclosed is the annual report of the Maryland Senior Prescription Drug Assistance Program (SPDAP) for the 2024 program year. The report summarizes program activities and provides enrollment and benefits statistics. The Department is pleased to continue administration of this vital program.

If further information about this program is needed, please contact Sarah Case-Herron, Director, Office of Governmental Relations, at (410) 767-6480 or sarah.case-herron@maryland.gov.

Sincerely,

Meena Seshamani, M.D., Ph.D.

cc:

Athos Alexandrou, Director, Office of Pharmacy Services

Sean Stafford, Administrator, Senior Prescription Drug Assistance Program
Sarah Albert, Department of Legislative Services (5 copies)



Senior Prescription Drug Assistance Program

Program Year: January-December 2024

Executive Summary – Senior Prescription Drug Assistance Program (SPDAP) – CY2024 Annual Report

SPDAP works closely with the Maryland Department of Aging and other entities serving the senior population to ensure that Maryland seniors are aware of the benefits that may be available through the Program and to provide assistance to applicants with the application process. Major program highlights include:

- 1. Enrollment** – SPDAP enrollment was 22,107 members as of 12/31/24. This represents an enrollment decrease of 9.2% since 12/31/23 when enrollment was 24,354. Membership distribution was spread across 14 Medicare Part D organizations offering 60 Medicare Part D Prescription Drug Plans (PDPs). The highest concentration of members was enrolled in Aetna Medicare plans (4,434). Baltimore County had the highest concentration of enrolled.
- 2. Member Benefits** - Premium Subsidy – During CY2024, SPDAP members were eligible for a maximum premium subsidy of \$75 per member-per month to help offset their Medicare Part D Prescription Drug Plan premium costs. SPDAP made premium subsidy payments of \$10.28 million during CY2024.
- 3. Funding:** - Premium Subsidy – CareFirst is required to fund SPDAP in order for CareFirst to earn its premium tax exemption as a nonprofit health service plan under Article - Insurance §14-106(d)(1)(iii). The amount of funding provided may not exceed \$14 million for fiscal year 2022 and for any year after fiscal year 2022, may not exceed the value of the nonprofit health service plan's premium tax exemption under Article - Insurance § 6–101(b).
- 4. Administration** –International Software Systems, Inc. (ISSI) assumed responsibility for the administration of the SPDAP as of 05/01/2021. Administrative fees and Pass Through postage cost paid to ISSI during CY2024 totaled \$707,467.54.
- 5. Outreach** – SPDAP continues to coordinate with the Department of Aging to provide State Health Insurance Program (SHIP) coordinators and volunteer counselors with information regarding the program. The SPDAP maintains a call center and website to answer member and prospective member questions throughout the year. During CY2024, the Program's call center received 8,854 calls and the website had 9,627 visitors.
- 6. Legislation** – During the 2024 session, SB 219 was introduced to extend the sunset date of the program from 12/31/24 to 12/31/30. The bill was approved by the House and Senate and signed into law by Governor Moore (Ch. 48 of the Acts of 2024). Also, during the 2024 Legislative session SB 360 contained a Special Fund Appropriation to transfer \$5M of the SPDAP Fund surplus "to support behavioral health services for individuals without medical insurance.". The bill was approved by the House and Senate and signed into law by Governor Moore (Ch. 716 of the Acts of 2024). And, finally, during the 2024 Legislative session SB 362 amended Health Article §15-1004 (f) to read "For Fiscal Year 2025 only, excess funds not required for the administration, operation and activities not of the program may be used to Health Reimbursement Accounts.". The bill was approved by the House and Senate and signed into law by Governor Moore (Ch. 717 of the Acts of 2024) and resulted in a transfer of \$3.6M to the Department of Budget and Management (DBM).

INTRODUCTION

In accordance with §15-1005(a) of the Health Article, the Maryland Department of Health (MDH) is required to annually submit a report to the Governor and, in accordance with §2-1257 of the State Government Article, to the General Assembly that includes a summary of Program activities for the year and any recommendations for consideration by the General Assembly.

DESCRIPTION OF THE SENIOR PRESCRIPTION DRUG ASSISTANCE PROGRAM

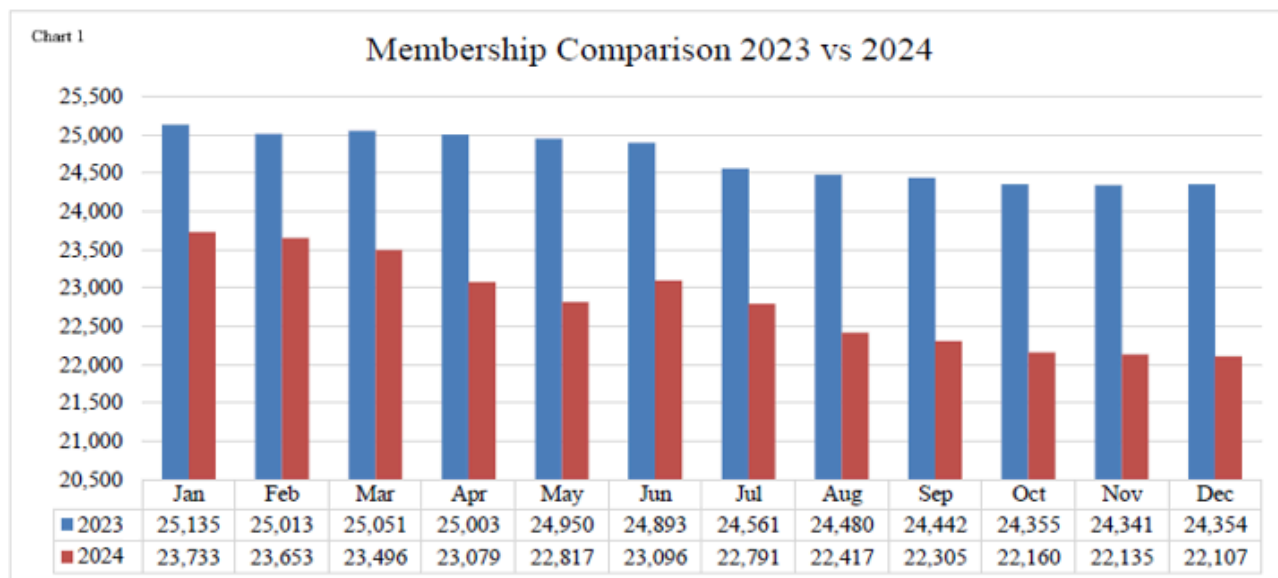
Eligibility Requirements

To be eligible to enroll in the SPDAP, an individual must:

- Be a resident of Maryland;
- Be a Medicare beneficiary enrolled in the Medicare Part D Voluntary Prescription Drug Benefit Program or a Medicare Advantage Plan that provides Part D coverage;
- Have an annual household income at or below 300 percent of the Federal Poverty Guidelines;
- Not be enrolled in a health benefit plan, other than a Medicare Part D PDP or a MA-PD, that provides prescription drug benefits at the time the individual applies for enrollment in the SPDAP; and
- Not be eligible for a full federal low-income subsidy under 42 C.F.R. §423.772.

Enrollment

As of December 2024, total SPDAP enrollment was 22,107 members. This represents an enrollment decrease of 9.2% since December 2023 when enrollment was 24,354 members. The decrease in the SPDAP membership coincides with the end of the COVID-19 public health emergency. Applications processed for the SPDAP decreased from 2,447 during CY2023 to 2,013 during CY2024.



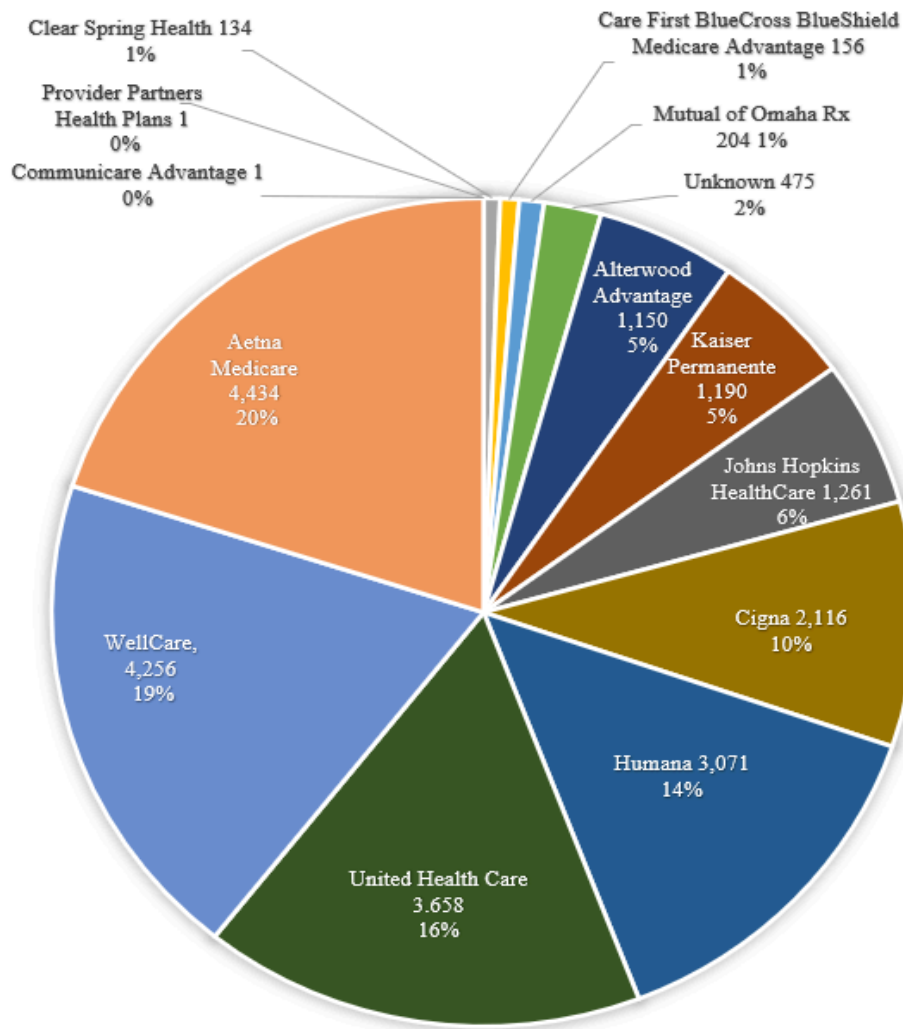
Membership Distribution by Plan

There were 4,094 members terminated from the Program during CY2024. This was mainly due to the members death (1,495), members becoming eligible for the full (100%) Federal Low-Income Subsidy (LIS) or Extra Help (1,377), members becoming Dual Eligible (eligible for Medicaid in addition to Medicare Part D) (568), members enrolled in the SPDAP for 12 months without enrollment in a payable PDP (455), members deemed to be above the SPDAP income eligibility threshold (135), members moving out-of-state (51), members requesting termination (11), members with duplicate records (1) and members with Other Coverage (1).

Chart 2 provides statistics for the SPDAP membership distribution by plan in Maryland for December 2024.

Chart 2

Membership Distribution by Plan - December 2024

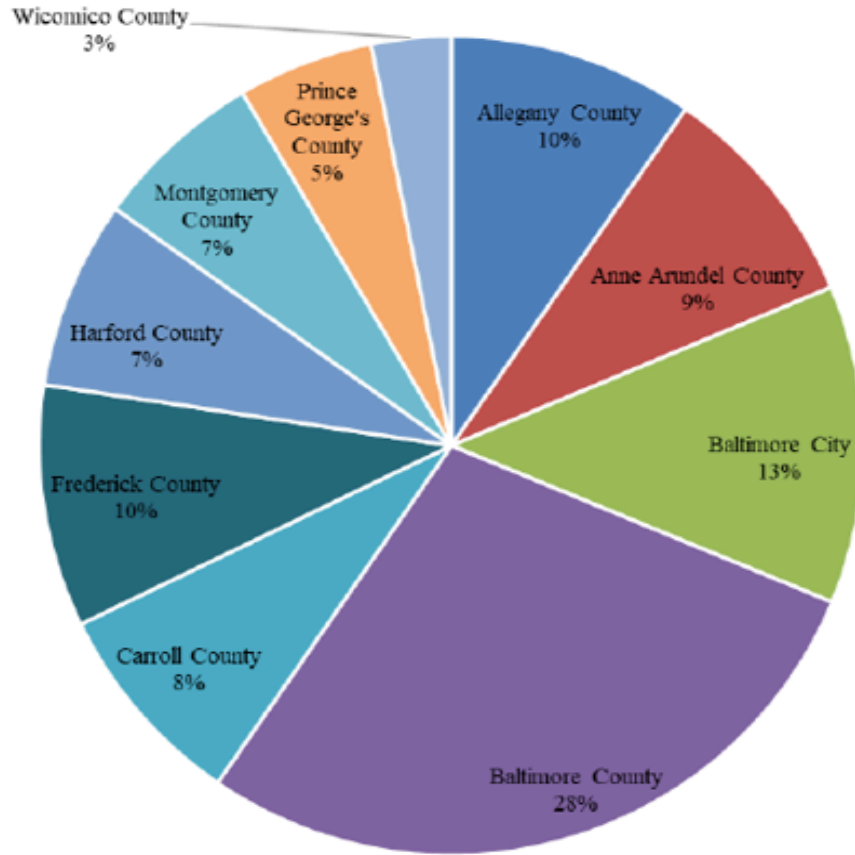


Membership by County

Chart 3 shows the SPDAP membership distribution by county in Maryland for December 2024.

Chart 3

Membership by County December 2024



Baltimore County 4496	Baltimore City 1991	Washington County 1938	Allegany County 1527
Frederick County 1516	Anne Arundel County 1433	Carroll County 1302	Harford County 1179
Montgomery County 1064	Prince George's County 847	Howard County 697	Cecil County 637
Wicomico County 495	Garrett County 418	Queen Anne's County 312	St. Mary's County 302
Charles County 301	Calvert County 282	Dorchester County 280	Worcester County 272
Talbot County 260	Caroline County 235	Kent County 145	Somerset County 107
UNASSIGNED 69	Mineral County 2		

Member Benefits

Premium Subsidy

The SPDAP provides a prescription drug benefit subsidy, which was determined by MDH for CY2024, which may pay all or some of the premiums for Federal Medicare Part D prescription drug coverage. Medicare Prescription Drug Program rate information for Maryland is determined by the Centers for Medicare and Medicaid Services (CMS). During CY2024, the maximum premium subsidy benefit provided by the SPDAP was a maximum of \$75 per month for eligible Maryland residents enrolled in the SPDAP. After internal discussions the decision was made to keep the maximum premium subsidy for CY2025 at the current level of \$75 per month for eligible Maryland residents enrolled in the SPDAP.

CY2024 Amount Paid to PDPs for Subsidy Payment for Current and Prior Years – Table 1

Month	2023	2024	\$ Change
Jan	\$886,719.30	\$873,301.17	(\$13,417.60)
Feb	\$879,872.00	\$870,228.70	(\$9,643.30)
March	\$877,313.30	\$925,717.30	\$48,404.00
April	\$876,807.60	\$848,779.50	(\$28,028.10)
May	\$860,161.60	\$860,634.50	\$472.90
June	\$871,319.50	\$885,542.60	\$14,223.10
July	\$872,518.00	\$866,693.60	(\$5,824.40)
Aug	\$866,021.20	\$837,239.00	(\$28,782.20)
Sept	\$855,392.90	\$849,011.00	(\$6,381.90)
Oct	\$850,670.70	\$808,371.50	(\$42,299.20)
Nov	\$847,574.90	\$823,782.50	(\$23,792.40)
Dec	\$854,601.90	\$830,308.00	(\$24,293.90)
Total	\$10,398,972.90	\$10,279,609.90	(\$119,363.00)

Funding of Senior Prescription Drug Assistance Program

In General

CareFirst is required to fund SPDAP in order for CareFirst to earn its premium tax exemption as a nonprofit health service plan under §14-106(d)(1)(iii) of the Insurance Article. Under §14-106(e)(2) and (3) of the Insurance Article, the amount of funding provided by CareFirst may not exceed \$14 million for fiscal years 2008 through fiscal year 2022, and, for any year after fiscal year 2022, the funding may not exceed the amount of CareFirst's premium tax exemption.

Administration of Senior Prescription Drug Assistance Program

The Board of Directors for the Maryland Health Insurance Plan (MHIP) was required to contract with a third party to administer the SPDAP. The functions performed by the third party administrator include:

- processing applications and determining eligibility of applicants for the SPDAP;
- enrolling eligible applicants in the SPDAP and sending denial letters to ineligible applicants;
- considering eligibility appeals;
- conducting an annual re-certification of SPDAP members;
- processing and reconciling monthly premium subsidy payments to PDPs;
- reconciling the SPDAP membership to CMS enrollment and eligibility files; and
- providing data collection, analysis, financial tracking and reporting as required by law or by MHIP.

In October 2007, the MHIP Board of Directors selected Pool Administrators, Inc. (PAI) as the SPDAP administrator. MHIP entered into a contract with PAI that took effect on January 1, 2008 and had a term of two years. MHIP had the option to extend the contract for successive terms of one year.

- In December 2009, MHIP extended the term of the agreement with PAI for another year, through December 31, 2010.
- In December 2010, MHIP amended the agreement with PAI and extended the term of the agreement for another two (2) years, through December 31, 2012.
- In October 2012, MHIP amended the agreement with PAI and extended the term of the agreement for another two (2) years, through December 31, 2014.
- In August 2014, MHIP amended the agreement with PAI and extended the term of the agreement for another two (2) years, through December 31, 2016.
- In June 2016, upon request from MDH, the MHIP Board of Directors extended the term of the agreement with PAI for an additional three (3) years, through December 31, 2019.
- In December 2019 MDH entered into a Sole Source Contract for the administration of the SPDAP with PAI. The term of the contract was January 1, 2020 through January 8, 2020.
- In January 2020 MDH submitted a Sole Source Contract for the administration of the SPDAP to the Maryland Board of Public Works (BPW) for approval. The Sole Source Contract between the SPDAP and PAI was approved by the BPW on January 8, 2020. The term of the contract is from January 8, 2020 through April 30, 2021.

MDH evaluated Request for Proposal (RFP) solicitations to administer the SPDAP beyond April 30, 2021 during October 2020 and submitted a Recommendation for Award memo to the Secretary of Health recommending awarding the contract to administer the SPDAP to International Software Systems, Inc. (ISSI).

- The Secretary of Health concurred with the Recommendation for Award and MDH submitted a Contract for the administration of the SPDAP to the Maryland Board of Public Works (BPW) for approval. The Contract between the SPDAP and ISSI was approved by the BPW on January 6, 2021. The term of the contract with ISSI is from May 1, 2020 through April 30, 2025 with the option of two (2) twenty four (24) month extensions. ISSI assumed the duties and responsibilities of the administration of the SPDAP from PAI as of 05/01/2021.

2024 Amounts Paid for Administrative Fees and Postage – Table 2

Invoices	Total amounts
TPA Administrative Fees	\$644,438.70
Postage	\$63,028.84
Total	\$707,467.54

Outreach

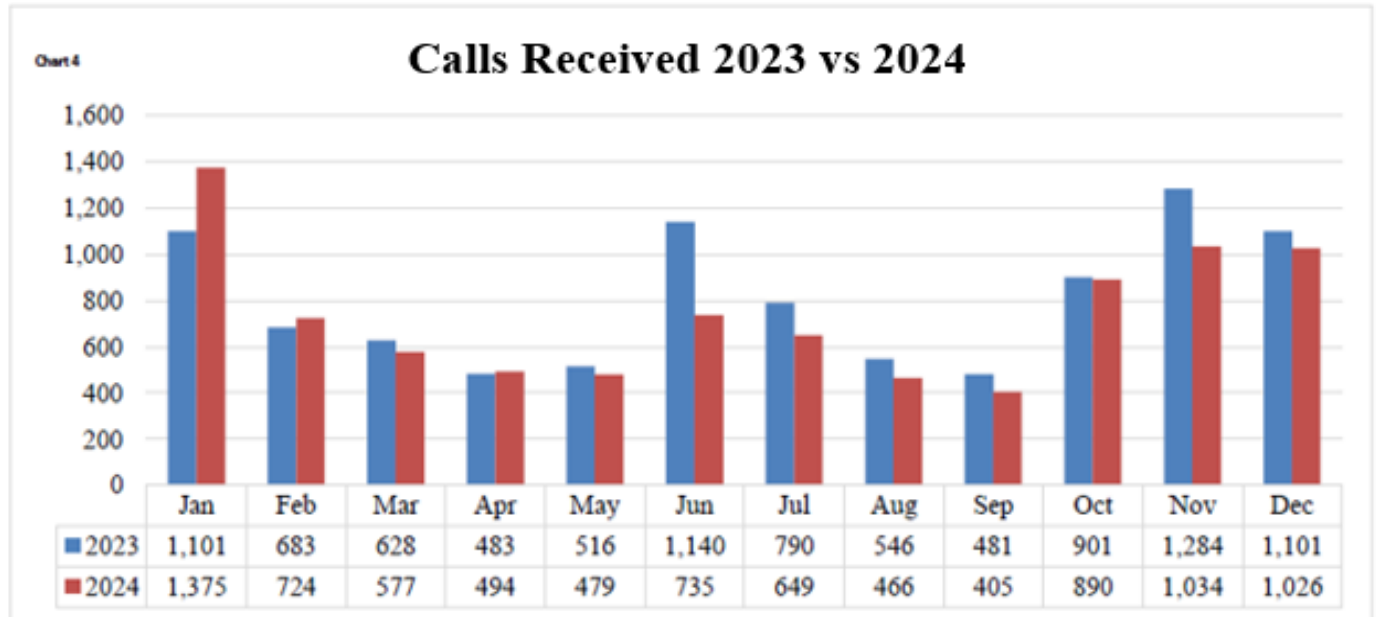
Each October, prior to Medicare Part D open enrollment, all active SPDAP members are mailed the list of eligible Medicare Part D prescription plans for the State of Maryland notating which plans will be administering the Coverage Gap Subsidy to assist the member in choosing their Medicare Part D prescription drug coverage for the upcoming year.

The SPDAP also maintains a call center and website to answer member and prospective member questions throughout the year. Call Center assistance is available toll free at (800) 551-5995, Monday through Friday, from 8 am to 5 pm. Extensive information regarding SPDAP is available at www.marylandspdap.com, including the application form and a list of Medicare PDPs in Maryland.

SPDAP also coordinates with the Department of Aging to provide the State Health Insurance Program (SHIP) Coordinators and volunteer counselors with information regarding SPDAP and the upcoming year premium subsidy benefit levels. SPDAP also instructs the SHIP Coordinators and volunteer counselors on how they may assist Maryland seniors in applying for SPDAP.

CY2024 SPDAP Customer Service Activity

Chart 4 shows Calls Received by month during 2023 and 2024.



CY2023 and CY2024 SPDAP Website Statistics

Chart 5 shows the number of Website Visitors by month during 2023 and 2024.



Legislative Activities

During the 2024 session, HB SB 219 was introduced to extend the sunset date of the program from 12/31/24 to 12/31/30. The bill was approved by the House and Senate and signed into law by Governor Moore (Ch. 48 of the Acts of 2024). Also, during the 2024 Legislative session SB 360 contained a Special Fund Appropriation to transfer \$5M of the SPDAP Fund surplus “to support behavioral health services for individuals without medical insurance.” The bill was approved by the House and Senate and signed into law by Governor Moore (Ch. 716 of the Acts of 2024). And, finally, during the 2024 Legislative session SB 362 amended Health Article §15-1004 (f) to read “For Fiscal Year 2025 only, excess funds not required for the administration, operation and activities of the program may be used for Health Reimbursement Accounts.” The bill was approved by the House and Senate and signed into law by Governor Moore (Ch. 717 of the Acts of 2024) and resulted in a transfer of \$3.6M to the Department of Budget and Management (DBM).

Conclusion

SPDAP continues to provide vital resources for low-to-middle income Maryland seniors. SPDAP will continue to work closely with the Maryland Department of Aging, and other entities serving the senior population, to ensure eligible Maryland seniors are aware of the benefits that may be available through the program and to provide assistance to applicants with the application process.

APPENDIX A – SPDAP PROGRAM HISTORY

2002 - The Senior Prescription Drug Program (“SPDP”) was created by the Health Insurance Safety Net Act of 2002 (Chapter 153, Acts of 2002), and replaced the Short-Term Prescription Drug Subsidy Plan. The Board of Directors for the Maryland Health Insurance Plan (“MHIP”) was given the responsibility for overseeing SPDP. The purpose of SPDP was to provide prescription drug coverage to Medicare beneficiaries who lacked prescription drug coverage.

2003 - The Health Insurance Safety Net Act of 2002 provided that SPDP would terminate if comparable prescription drug benefits became available through Medicare under Title XVIII of the Social Security Act. On December 8, 2003, President Bush signed into law the Medicare Prescription Drug, Improvement, and Modernization Act of 2003. Under that Act, prescription drug benefits became available through Medicare Part D beginning on January 1, 2006.

2005 - Legislation was passed by the Maryland General Assembly that renamed and re-established SPDP as the Senior Prescription Drug Assistance Program (“SPDAP”). (See Chapters 281 and 282 of the Acts of 2005.) The legislation provided that the purpose of SPDAP is to provide Medicare Part D beneficiaries who meet program eligibility requirements with a State subsidy for a portion of their prescription drug plan (PDP) premiums and deductibles under Medicare Part D.

2006 - Additional legislation was passed and signed into law that allows SPDAP to subsidize eligible beneficiaries’ co-payments and co-insurance, in addition to their premiums and deductibles (see Chapter 345 of the Acts of 2006).

2007 - SPDAP was modified, by legislation, that authorizes SPDAP to limit payment of any benefit subsidy by paying the benefit subsidy on behalf of only eligible individuals enrolled in a Medicare Part D PDP or a Medicare Advantage Plan (MA-PD) that coordinates with the SPDAP in accordance with federal requirements (see Chapters 508 and 509 of the Acts of 2007).

2016 - During the 2016 legislative session, HB 489 was introduced to dissolve MHIP effective June 30, 2016. This legislation also proposed the transfer of the duties, responsibilities and funding of SPDAP from MHIP to MDH as of July 1, 2016 and to extend the termination date of SPDAP through December 31, 2019. HB 489 was approved by the House and Senate and signed into law by Governor Hogan (Chapter 321 of the Acts of 2016).

2018 - During the 2018 legislative session, HB 1766/SB 1208 was introduced extending the sunset date of the SPDAP from December 31, 2019 to December 31, 2024 and also extending the period of time during which CareFirst is required to provide to SPDAP the funding required under §14-106(d)(1)(iii) in the amount of \$14 million through FY2025.

2021 - During the 2021 Legislative session there were two (2) bills passed that impacted the SPDAP funding. HB 588 granted the authorization to process a special fund budget amendment in the amount of \$1,863,720. HB 589 amended Insurance Article §14-106(d)(2)(ii) by extending the \$8 million subsidy provided under this subsection to the Community Health Resources Commission (CHRC) through FY2022. It also deleted §14-106(d)(2)(iii) eliminating the subsidy which the CHRC

received from the funding provided by the exemption from taxation for nonprofit health service plans under Insurance Article § 6–101(b)(1). HB 589 also amended Insurance Article §14-106(e) to state that the funding for the SPDAP may not exceed \$14 million for FY2021 and FY2022 and for any year after FY2022 may not exceed the value of the nonprofit health service plan’s premium tax exemption under Insurance Article § 6–101(b).

2024 - During the 2024 Legislative session there were three (3) bills passed that impacted the SPDAP. HB SB 219 was introduced to extend the sunset date of the program from 12/31/24 to 12/31/30. The bill was approved by the House and Senate and signed into law by Governor Moore (Ch. 48 of the Acts of 2024). Also, during the 2024 Legislative session, SB 360 contained a Special Fund Appropriation to transfer \$5M of the SPDAP Fund surplus “to support behavioral health services for individuals without medical insurance.”. The bill was approved by the House and Senate and signed into law by Governor Moore (Ch. 716 of the Acts of 2024). And, finally, during the 2024 Legislative session, SB 362 amended Health Article §15-1004 (f) to read “For Fiscal Year 2025 only, excess funds not required for the administration, operation and activities of the program may be used for Health Reimbursement Accounts.”. The bill was approved by the House and Senate and signed into law by Governor Moore (Ch. 717 of the Acts of 2024) and resulted in a transfer of \$3.6M to the Department of Budget and Management (DBM).