

Department of Legislative Services
 Maryland General Assembly
 2003 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 17

(Senator Della)

Finance

Health and Government Operations

Maryland Health Care Foundation - Repeal

This bill repeals the Maryland Health Care Foundation and establishes the Maryland Health Care Trust, to which the value of public or charitable assets must be distributed if a nonprofit health service plan or HMO is acquired. The bill designates the State Treasurer as its trustee. The bill also requires the Department of Health and Mental Hygiene (DHMH) to administer the Medbank program, and extends the Medbank program's termination date to June 30, 2006.

The bill takes effect June 1, 2003.

Fiscal Summary

State Effect: Department of Health and Mental Hygiene (DHMH) general fund expenditures could increase by as much as \$2 million in FY 2004 to fund the Medbank program. The Governor's proposed FY 2004 budget (Supplemental Budget No. 1) includes \$2 million general funds for the Medbank program. Maryland Health Care Foundation special fund expenditures could decrease by \$250,000 beginning FY 2004. DHMH expenditures (federal and general funds) could increase due to increased enrollment in public health programs beginning FY 2004. Future year estimates remain constant. No effect on revenues.

(in dollars)	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	2,000,000	2,000,000	2,000,000	0	0
SF Expenditure	(250,000)	(250,000)	(250,000)	0	0
FF Expenditure	-	-	-	-	-
Net Effect	(\$1,750,000)	(\$1,750,000)	(\$1,750,000)	\$0	\$0

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Chapter 180 of 1997 created the Maryland Health Care Foundation as a charitable, nonprofit organization to promote public awareness of the need to provide more timely and cost-effective health care for Marylanders without health insurance and to receive monies to provide financial support to programs that expand access to health care services. The foundation is a nonbudgeted agency that receives grants from the federal, State, and local governments.

Chapter 701 of 2002 provides that if the Maryland Health Care Foundation receives a distribution of public or charitable assets as the result of an acquisition of a nonprofit health service plan or HMO, approved by the Maryland Insurance Administration on or after June 1, 2001, the Maryland Health Care Trust is created. Its purpose is to accept and retain monies for future expenditures to be used to implement acts of the General Assembly that improve the health status of residents and specifically direct the use of trust assets. The foundation is the trustee of the trust.

Chapter 135 of 2001 created the Medbank program, patterned after a similar private program offered by MEDBANK of Maryland, Inc. The Health Care Foundation must contract with one or more entities to administer and operate the program. The foundation must use the MEDBANK of Maryland, Inc. and the Western Maryland Prescription Program as the regional offices for the Baltimore metropolitan area and Western Maryland, respectively. The program assists low-income individuals who lack prescription drug coverage by accessing medically necessary prescription drugs through patient assistance programs sponsored by pharmaceutical drug manufacturers. The foundation must ensure that the Medbank program is available to residents in each geographic region of the State. The program sunsets June 30, 2003.

State Fiscal Effect: The Medbank program is subject to abrogation effective June 30, 2003. Since Medbank's inception in 2001, the Health Care Foundation has received State general fund appropriations for the Medbank program, including \$2.5 million in fiscal 2002 and \$2 million in fiscal 2003. DHMH general fund expenditures could increase by as much as \$2 million in fiscal 2004 to maintain Medbank operations, which has been included in the fiscal 2004 budget for DHMH. Future year estimates remain constant and reflect the Medbank program's June 30, 2006 termination date.

Health Care Foundation special fund expenditures would decrease by \$250,000 in fiscal 2004. The fiscal 2004 budget allowance contains \$250,000 Cigarette Restitution Funds (CRF) for the foundation. Future year estimates assume CRF appropriations would have remained constant.

DHMH general and federal fund expenditures could increase in fiscal 2004 to provide access to health care for uninsured and underinsured individuals. Currently, the Health Care Foundation provides grants to local nonprofit organizations and local health departments to provide health care services to qualifying individuals. Since 1999 the foundation has awarded grants that have provided health care services to over 40,000 in the State. The types of health care provided include: (1) prevention and primary health care; (2) dental care; (3) primary health care in rural areas of the State; (4) chronic disease case management; and (5) outpatient specialty care. If individuals currently being served by foundation-funded programs lose access to health care, they may be eligible to enroll in Medicaid, the Maryland Children's Health Program, or various public health programs such as the Breast and Cervical Cancer program provided by DHMH.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Health and Mental Hygiene (Medicaid, Maryland Health Care Commission, Health Services Cost Review Commission), Maryland Health Care Foundation, Department of Legislative Services

Fiscal Note History: First Reader - March 10, 2003
mld/jr Revised - Senate Third Reader - March 25, 2003
Revised - Updated Budget Information - April 2, 2003

Analysis by: Susan D. John

Direct Inquiries to:
(410) 946-5510
(301) 970-5510