

**Department of Legislative Services**  
Maryland General Assembly  
2004 Session

**FISCAL AND POLICY NOTE**  
**Revised**

House Bill 351 (Delegate Hurson)

Health and Government Operations

Finance

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**Maryland Health Care Foundation and Maryland Health Care Trust**

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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 Health Care Foundation must transfer all foundation and Medbank records to the Maryland State Archives and transfer all furniture and equipment to the Department of Health and Mental Hygiene (DHMH) by June 1, 2004.

The bill takes effect June 1, 2004.

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**Fiscal Summary**

**State Effect:** DHMH expenditures (federal and general funds) could increase due to increased enrollment in public health programs beginning FY 2005. No effect on revenues.

**Local Effect:** None.

**Small Business Effect:** None.

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**Analysis**

**Current Law:** The Maryland Health Care Foundation is a charitable, nonprofit organization whose purpose is 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.

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.

The Medbank Program assists individuals without prescription drug insurance by providing access to medically necessary prescription drugs through patient assistance programs sponsored by the pharmaceutical manufacturers.

**Background:** The Maryland Medbank Program was administered by the foundation; however, it was transferred from the Maryland Health Care Foundation to Medbank of Maryland, Inc. in 2003. There is no appropriation in the fiscal 2005 budget for the foundation.

The foundation suspended operation effective October 1, 2003 due to a lack of operating funds. The Office of Legislative Audits conducted a performance audit of the foundation in 2003 to determine the status of any State funds remaining in the foundation's accounts and any outstanding State obligations. The audit found that DHMH owed the foundation \$238,882. The funds were transferred to the foundation in November 2003, resolving all financial obligations between the State and the foundation.

The foundation reports that, as of January 31, 2004, \$258,030 remained in its general investment account. Under the bill, these funds would be transferred to the Maryland Health Care Trust. Another \$34,147 remained in the foundation's checking account to be used to pay for any accounting, legal, and other expenses, incurred by the foundation through June 30, 2004. Any funds remaining in the checking account would transfer to the Maryland Health Care Trust.

**State Expenditures:** DHMH general and federal fund expenditures could increase in fiscal 2005 to provide access to health care for uninsured and underinsured individuals. The Health Care Foundation had provided grants to local nonprofit organizations and local health departments to provide health care services to qualifying individuals. Since 1999 the foundation awarded grants that have provided health care services to over 40,000 people 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.

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### **Additional Information**

**Prior Introductions:** A similar bill, SB 17, was introduced in the 2003 session and was passed by both chambers with amendments. A conference committee was appointed, but no further action was taken.

**Cross File:** SB 296 (Senator Della) – Finance.

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

**Fiscal Note History:** First Reader - February 9, 2004  
fnote1/jr Revised - House Third Reader - March 23, 2004

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