

Department of Legislative Services
 Maryland General Assembly
 2005 Session

FISCAL AND POLICY NOTE

House Bill 90 (Delegate Nathan-Pulliam, *et al.*)
 Rules and Executive Nominations

Department of Legislative Services - Fiscal Notes - Public Health System Impact Note

This bill requires the Department of Legislative Services (DLS) to include a public health system impact analysis in the fiscal and policy note of legislation pertaining to the prevention of and the screening for a disease, illness, or injury. The analysis must include the fiscal impact on the public health system, including any costs saved and avoided by the prevention of and screening for a disease, illness, or injury.

Fiscal Summary

State Effect: General fund expenditures could increase by \$161,200 in FY 2006. Future year expenditures reflect annualization and inflation. Revenues would not be affected.

(in dollars)	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	161,200	219,500	231,600	244,600	258,500
Net Effect	(\$161,200)	(\$219,500)	(\$231,600)	(\$244,600)	(\$258,500)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: A legislative committee may not vote on a bill unless: (1) a fiscal and policy note accompanies the bill; and (2) if the bill affects the funding of a State pension

system, an actuarial analysis of the bill is attached to or summarized in the fiscal and policy note or the analysis is waived. DLS prepares a fiscal and policy note on all bills and joint resolutions prior to a committee hearing.

Background: The fiscal and policy note includes a bill summary, a description of current law, an analysis of the bill's impact on State and local government revenues and expenditures over a five-year period, an identification of any local mandates, an analysis of the economic impact on small businesses, a summary of relevant policy and background information, and a listing of prior year introductions. The department publishes between 2,000 and 2,500 first reader fiscal and policy notes each legislative session. Currently, 19 staff positions are assigned to the fiscal and policy note function.

Small Business Impact Statements

Chapter 121 of 1995 required a small business impact statement to be included in the fiscal note of each bill. Executive agencies are required to prepare the statements on legislation sponsored by the Administration or departments, and DLS is required to prepare the statements on all other legislation.

State Expenditures: The bill's requirement to estimate the costs saved and avoided by the prevention of and screening for a disease mandates an analysis of long-term cost savings since most prevention and screening methods have no measurable effect on the public health system in the short term. Long-term cost savings analysis involves complex statistical models and variables, much of which is produced by medical, academic, and research institutions. Thus, any fiscal impact analysis on this subject would be more involved than the current analysis that is required under State law regarding a bill's effect on State expenditures and would require knowledge of longitudinal public health studies. An estimated 500 to 600 bills are introduced each year regarding Medicaid, private health insurance, and public health in general, which could be covered under the bill's provisions.

General fund expenditures could increase by an estimated \$161,212 in fiscal 2006, which accounts for the bill's October 1, 2005 effective date. This estimate reflects the cost of hiring one policy analyst at DLS for the preparation of fiscal notes on applicable bills and two health policy analysts for the Department of Health and Mental Hygiene to prepare estimates and conduct and catalog research from academic and other research institutions. The estimate includes salaries, fringe benefits, one-time start-up costs and ongoing operational expenses.

Salaries and Fringe Benefits	\$152,703
Operating Expenses	<u>8,509</u>
Total FY 2006 State Expenditures	\$161,212

Future year expenditures reflect: (1) full salaries with 4.6% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operational expenses.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Health and Mental Hygiene, Department of Legislative Services

Fiscal Note History: First Reader - March 10, 2005
mp/ljm

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