

Department of Legislative Services  
Maryland General Assembly  
2005 Session

FISCAL AND POLICY NOTE  
Revised

House Bill 1263

(Delegate Donoghue, *et al.*)

Health and Government Operations

Finance and Budget and Taxation

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Maryland Medbank Program - Study

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This bill requires the Department of Health and Mental Hygiene (DHMH) and the Maryland Medbank Program to report to the Governor and the General Assembly on the effect the implementation of Medicare Part D prescription drug benefits and eligibility changes for the Maryland Pharmacy Discount Program will have on Medbank program participation and ongoing costs, as well as Medbank efforts to minimize administrative expenses and reduce reliance on public funds. DHMH and Medbank must report on these issues by September 1, 2005.

The bill takes effect July 1, 2005.

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Fiscal Summary

**State Effect:** DHMH could handle the bill's reporting requirements with existing budgeted resources. No effect on revenues.

**Local Effect:** None.

**Small Business Effect:** None.

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Analysis

**Current Law:** The administrative costs of the Medbank program are funded through grants provided by the Department of Health and Mental Hygiene (DHMH). The Medbank program is scheduled to terminate June 30, 2006.

There is a Post Retirement Health Benefits Fund dedicated to assist the State in financing the State's post retirement health benefits subsidy. Beginning in fiscal 2006, any subsidy

received by the State that is provided to employers under the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 must be deposited into the fund. The Board of Trustees of the State Retirement and Pension System are the fund's trustees.

**Background:** The Senior Prescription Drug Relief Act (Chapters 134 and 135 of 2001) created the Medbank program. The program, administered by Medbank of Maryland, Inc., a private entity, assists low-income individuals who lack prescription drug coverage by accessing medically necessary prescription drugs through patient assistance programs sponsored by pharmaceutical drug manufacturers. Since its inception, Medbank has provided \$65 million in free medicine to about 30,000 patients.

Funding for the Medbank program's administrative costs has varied since its inception. Originally, it was to be funded through grants from the now-defunct Maryland Health Care Foundation. Medbank has received the following State appropriations:

<u>Fiscal Year</u>	<u>Amount</u>	<u>Fund Type</u>
2002	\$2.5 million	General Funds
2003	\$2.0 million	General Funds
2004	\$800,000	General Funds
	\$1.2 million	Special Funds*
2005	\$1.0 million	Special Funds*
2006	\$500,000	Special Funds*
	\$1,000,000	General Funds**

*\*The 2004 Budget Reconciliation and Financing Act (BRFA) provided grants from Medicaid's HealthChoice Performance Incentive Fund to the Medbank program.*

*\*\*Supplemental Budget #1.*

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### Additional Information

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Medbank of Maryland, Inc., Department of Legislative Services

**Fiscal Note History:** First Reader - February 25, 2005  
mll/jr Revised - House Third Reader - April 4, 2005  
Revised - Enrolled Bill - May 9, 2005

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