

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE
Revised

House Bill 268 (Delegate Marriott, *et al.*)

Environmental Matters

Referred to Economic & Environmental Affairs

Needle Exchange Program - Repeal of Sunset

This enrolled bill repeals the termination date of the AIDS Prevention Sterile Needle and Syringe Exchange Pilot Program. It requires the Department of Health and Mental Hygiene and the Baltimore City Health Department to jointly report by January 31 each year to the Governor and General Assembly on the status of the program.

The bill takes effect June 1, 1997.

Fiscal Summary

State Effect: None in FY 1998. Repealing the sunset date would not directly affect State government operations or funding. However, State expenditures could be reduced in the long term as discussed below. The reporting requirement could be handled with existing resources.

Local Effect: Baltimore City expenditures for the needle exchange program would continue in FY 1998 as discussed below. Revenues would not be affected.

Small Business Effect: Minimal. Small business manufacturers and distributors of needles and syringes would continue to benefit from the program. For illustrative purposes, approximately 320,000 needles are exchanged each year.

Fiscal Analysis

Background: Chapter 402 of the Acts of 1994 provides for an AIDS Prevention Sterile Needle and Syringe Exchange Pilot Program in the Baltimore City Health Department. The program exchanges clean needles and syringes for used ones, educates participants about the dangers of contracting HIV infection through needle sharing practices, and refers participants to substance abuse treatment programs. Chapter 402 also requires the Baltimore City Health

Department to submit an evaluation report of the program by January 1, 1997 to the Governor and the General Assembly. The program sunset date is May 31, 1997.

According to the program evaluation report, after the first 30 months of operation 5,200 clients had made 48,000 visits to exchange over 800,000 needles. Approximately 4% of injection drug users become infected with HIV each year; the seroconversion rate for program clients is almost 40% less than that for injection drug users not in the program. In addition, 300 clients have entered drug counseling and treatment.

State Expenditures: In the long term, State expenditures could be reduced by an indeterminate but significant amount due to a reduction in health care costs associated with the prevention of the spread of HIV infection. The average lifetime health care costs of an AIDS patient is \$100,000 to \$120,000. Each AIDS case prevented represents a savings to the health care system at large, some of which will be State savings for Medicaid recipients. The evaluation report data for the seroconversion rate of non-program vs. program injection drug users would indicate that 84 fewer drug users became infected with HIV as a result of the program.

Local Expenditures: Baltimore City expenditures would be maintained because the bill proposes to continue the needle exchange program. It is assumed that the reporting requirement could be handled with existing budgeted resources. The city's fiscal 1997 budget includes \$320,000 for operation of the needle exchange program and \$250,000 for associated drug treatment slots. The source of those funds is Targeted Local Health Services money which the Department of Health and Mental Hygiene provides to local jurisdictions for public health services. Fiscal 1998 and future year funds for the program are expected to remain relatively constant.

Information Source(s): Department of Health and Mental Hygiene (AIDS Administration); Department of Fiscal Services; Baltimore City Health Department *Needle Exchange Program Evaluation Report to the Governor of Maryland*, January 1997; Baltimore City

Fiscal Note History: First Reader - January 28, 1997
ncs Revised - Updated Information - February 3, 1997
Revised - Enrolled Bill - April 24, 1997

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