

Department of Legislative Services  
Maryland General Assembly

FISCAL NOTE  
Revised

House Bill 173 (Delegate Frank. *et al.*)

Economic Matters

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**Maintenance Drug Prescriptions - Supply Quantity - Repeal of Termination Date  
and Alteration of Application**

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This bill repeals the September 30, 1998 termination date of the requirement that health insurers, nonprofit health service plans, and HMOs (carriers) allow an enrollee to receive up to a 90-day supply of a prescription drug in a single dispensing if authorized by an authorized prescriber. The bill also provides that the requirement to allow for a 90-day supply of a maintenance drug does not apply to the first prescription or change in a prescription for a maintenance drug.

This bill takes effect July 1, 1998.

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**Fiscal Summary**

**State Effect:** Indeterminate impact on the State Employee Health Benefit Plan since any State expenditures would depend on the co-payment charged for each dispensing of a 90-day prescription supply. No effect on revenues.

**Local Effect:** None.

**Small Business Effect:** None.

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## Fiscal Analysis

**Background:** Chapter 232 of 1997 (HB 368) allows an insured person to receive up to a 90-day supply of maintenance drugs in a single prescription, if authorized by an authorized prescriber.

**State Expenditures:** As of January 1, 1998, the State Employee Health Benefit Plan no longer uses a specified list of maintenance drugs and allows a single dispensing of a maintenance drug for up to 90 days based on the authorization of an authorized prescriber. The annualized fiscal 1999 estimate of Chapter 232 was \$1,023,000 in additional expenditures for the State Employee Health Benefit Plan, assuming no change in the amount of the co-payment charged for each 90-day prescription supply. If the State Employee Health Benefit Plan were to increase the co-payment amount, it could mitigate some or all of the increase to State expenditures. Currently, the co-payment for calendar year 1998 is \$5 per dispensed prescription.

The fiscal 1999 budget for the State Employee Health Benefit Plan does not include funds to cover expenditures as a result of the 90-day prescription supply legislation because the Department of Budget and Management anticipates that there would be sufficient reserve funds to cover any additional cost.

It is still too soon to ascertain the effect of Chapter 232 on prescription expenditures for the State Employee Health Benefit Plan. The State's prescription vendor, Pharmaceutical Card System (PCS), has estimated that the potential cost of this bill to the State could be as high as \$8.6 million in fiscal 1999 based on:

- ° a revised assumption of the percentage of all dispensed prescriptions that will be for maintenance medication dispensed for a 90-day supply; PCS assumes 22.5% whereas the previous assumption was 10%. The estimate of 22.5% accounts for the provision that the first prescription of a maintenance drug does not have to be dispensed in a 90-day supply and the fact that prior to the 90-day prescription supply legislation, the State already had a list of maintenance drugs which could be dispensed in up to a 100-day supply; and
- ° an assumption of a 40% increase in the cost of drugs as a result of waste.

The information used by PCS in arriving at their estimate, however, is not specific to State experience. Until such time as new State data are available on the actual experience of the State prescription plan, the Department of Legislative Services advises that expenditures for the State Employee Health Benefit Plan relating to the 90-day prescription supply could increase by an indeterminate amount, depending on the co-payment charged.

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**Information Source(s):** Comptroller of the Treasury (Alcohol and Tobacco Tax Unit); Department of Budget and Management; Department of Health and Mental Hygiene (Health Care Access and Cost Commission, State Board of Pharmacy); Department of Legislative Services

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