

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE

Senate Bill 574 (Senator Bromwell)

Finance and Budget and Taxation

**Maryland Health Care Foundation - Receipt of Proceeds from
Tobacco-Related Actions Brought by the State**

This bill would require the Maryland Health Care Foundation to receive any proceeds from a settlement or judgment in an action brought by the State against tobacco product manufacturers or tobacco research associations.

The Maryland Health Care Foundation is a nonprofit organization established to promote public awareness of the need to provide more timely and cost-effective care for Marylanders without health insurance and to receive moneys that can be used to provide financial support to programs that expand access to health care services for uninsured Marylanders.

The bill is effective June 1, 1998.

Fiscal Summary

State Effect: Potential significant foregone general fund revenues. Potential significant decrease in expenditures.

Local Effect: Potential significant decrease in expenditures. No effect on revenues.

Small Business Effect: Meaningful impact on the Maryland Health Care Foundation.

Fiscal Analysis

State Effect: As a result of the bill, any recovery from the State’s pending lawsuit against tobacco product manufacturers, State of Maryland v. Philip Morris, et al., would go to the Maryland Health Care Foundation instead of general funds. Potential maximum recovery from the lawsuit is \$3 billion.

If the foundation receives money from the lawsuit, the number of uninsured persons in Maryland could decrease, thereby decreasing the amount of uncompensated care. This could result in reduced expenditures for: (1) the Medicaid program and the State Employee Health Benefit Plan due to lower hospital rates; (2) health services funding to local health departments which serve the “grey-area” population (those who have too much income to be eligible for Medicaid but cannot afford health insurance); and (3) the Primary Care for the Medically Indigent program which serves those not eligible for Medicaid. Any such decrease cannot be reliably estimated at this time, but could be significant.

Local Expenditures: Local health expenditures could decrease by an indeterminate but significant amount to the extent that the bill results in fewer uninsured individuals in a jurisdiction.

Information Source(s): Office of the Attorney General, Department of Legislative Services

Fiscal Note History: First Reader - March 6, 1998

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