

Department of Legislative Services
Maryland General Assembly
2001 Session

FISCAL NOTE

Senate Bill 268 (Senator Sfikas, *et al.*)

Finance and Budget and Taxation

**Maryland Health Care Foundation - Statewide Access to Free or Subsidized
Prescription Pharmaceutical Products**

This bill requires the Maryland Health Care Foundation to facilitate access to free or subsidized prescription drugs for eligible Maryland residents.

This bill takes effect July 1, 2001 and sunsets June 30, 2004.

Fiscal Summary

State Effect: Maryland Health Care Foundation general fund expenditures would increase by at least \$8 million in FY 2002. Future year expenditures remain constant. No effect on revenues.

(in dollars)	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	8,000,000	8,000,000	8,000,000	0	0
Net Effect	(\$8,000,000)	(\$8,000,000)	(\$8,000,000)	\$0	\$0

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The foundation must ensure access is provided to residents in: (1) Western Maryland; (2) the Eastern Shore; (3) the Baltimore Metropolitan area; (4) the Washington Suburban Metropolitan area; and (5) Southern Maryland. The foundation

must use MEDBANK of Maryland, Inc. and the Western Maryland Prescription Program as the regional offices for the Baltimore Metropolitan area and Western Maryland, respectively.

The Governor must provide funding in the annual budget in an amount sufficient to enable the foundation to satisfy the bill's requirements, but not less than \$8 million annually. The foundation must use this funding to satisfy the bill's requirements, including the establishment and maintenance of administration infrastructure and the provision of short-term medication while applications for assistance are pending.

The foundation must report to the General Assembly and the Governor by December 1, 2001, and annually thereafter, on its progress in fulfilling the bill's requirements, including: (1) the number and demographic characteristics of the State residents served; (2) the types and approximate value of prescription drugs provided; and (3) the nature and extent of outreach provided to inform State residents of the available assistance.

Current Law: None applicable.

Background: Various pharmaceutical drug manufacturing companies administer free drug programs to assist low-income individuals in obtaining needed prescription drugs. Income eligibility varies by company and generally only brand-name prescription drugs are covered. The foundation was established in 1997 (Chapter 180 of 1997) as a charitable, not-for-profit organization to support efforts to increase and improve access to quality health care for the uninsured, underinsured, and medically-underserved residents of Maryland. The foundation awards grants to help fund programs that expand access to health care for Marylanders without health insurance. It plans to distribute a minimum of \$2 million in grants each year for these program. The foundation also promotes public awareness of the need to provide timely efficient care for uninsured Marylanders, and advocates statutory and regulatory changes to benefit them.

In fiscal 2001 the foundation received \$1.5 million from the Cigarette Restitution Fund and the Governor's proposed fiscal 2002 budget allowance provides the foundation with an additional \$1.5 million from the Cigarette Restitution Fund. The foundation does not receive any general funds.

MEDBANK of Maryland, Inc. was founded in 1999 by Robert McEwan, administrative director of the Johns Hopkins Hospital Comprehensive Transplant Center. The program, patterned after similar programs in other states, connects lower-income Marylanders with various pharmaceutical manufacturers that offer free prescription drug programs. MEDBANK is currently serving 1,500 patients in the Baltimore area. In fiscal 2000 MEDBANK received an initial grant of \$173,000 from the foundation.

The Western Maryland Prescription Program was founded in 2000 and provides access to free prescription drugs for uninsured or underinsured residents of Allegany, Garrett, and Washington counties. The program received a \$165,000 grant from the foundation in 2000, and has provided access to prescription drugs to more than 824 individuals, 75% of whom are over the age of 60.

State Fiscal Effect: General fund expenditures for the foundation would increase by \$8 million annually beginning in fiscal 2002.

The Maryland Health Care Foundation and MEDBANK estimate that approximately \$2 million would be used to pay for prescription drugs for individuals waiting to receive free medications from pharmaceutical manufacturers. On average, an individual must wait between six to eight weeks while paper work is processed and the pharmaceutical manufacturers send prescription drugs to an individual's doctor for dispensing. The remainder of the \$8 million would be used to cover: (1) staffing costs including on-call pharmacists; (2) Internet access and databases; (3) toll-free telephone numbers; (4) rental space; and (5) continuing program evaluation. Revenues would not be affected.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): MEDBANK of Maryland, Inc., Maryland Health Care Foundation, Department of Health and Mental Hygiene (Maryland Health Care Commission, AIDS Administration, Boards & Commissions, Medicaid), Department of Legislative Services

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jm/jr

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