

Department of Legislative Services
 Maryland General Assembly
 2002 Session

FISCAL NOTE
 Revised

House Bill 781

(Delegate Hammen, *et al.*)

Environmental Matters

Education, Health, and Environmental Affairs

Physicians and Pharmacists - Therapy Management Contracts

This bill permits a physician and a pharmacist to enter into a therapy management contract that specifies treatment protocols that may be used to provide care to a patient.

The bill takes effect October 1, 2002 and terminates May 31, 2008.

Fiscal Summary

State Effect: Special fund revenues could increase by \$4,500 in FY 2003 and special fund expenditures could increase by \$2,700 annually, beginning FY 2003. Future year estimates reflect biennial renewals of agreements.

(in dollars)	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
SF Revenue	\$4,500	\$4,500	\$6,300	\$6,300	\$6,300
SF Expenditure	2,700	2,700	2,700	2,700	2,700
Net Effect	\$1,800	\$1,800	\$3,600	\$3,600	\$3,600

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

Local Effect: None.

Small Business Effect: Potential minimal. Small business pharmacists could attract more customers through physician-pharmacist agreements that permit the pharmacists to modify drug therapy protocols.

Analysis

Bill Summary: A “therapy management contract” is a voluntary, written arrangement that is disease-state specific and applies to one licensed pharmacist, one licensed

physician, and one patient receiving care from the physician and pharmacist. A “physician-pharmacist” agreement is an approved agreement between a physician and pharmacist that is disease-state specific and specifies the protocols that may be used. A “protocol” is a course of treatment predetermined by the physician and pharmacist according to generally accepted medical practice for the proper completion of a particular therapeutic or diagnostic intervention. A protocol may authorize: (1) the modification, continuation, and discontinuation of drug therapy under written, disease-state specific protocols; (2) the ordering of laboratory tests; and (3) other patient care management measures related to monitoring or improving the outcomes of drug or device therapy.

A physician and pharmacist who wish to enter into therapy management contracts must have a physician-pharmacist agreement that is approved by the Board of Physician Quality Assurance (BPQA) and the Board of Pharmacy. The boards may not approve a physician-pharmacist agreement if the boards find there is: (1) inadequate training, experience, or education of the physician or pharmacist to implement the protocols specified in the contract; or (2) a failure to satisfy legal requirements that pertain to physicians or pharmacists. A physician-pharmacist agreement is valid for two years from the date of approval.

The boards must report to the Governor and General Assembly by October 1, 2006 on the effect of the bill and make any recommendations for legislative or regulatory action. The Department of Health and Mental Hygiene must conduct a study to assess the outcomes achieved by drug therapy management agreements.

Current Law: In certain circumstances, pharmacists in institutional pharmacies are permitted to modify medication orders given by authorized prescribers. An institutional pharmacy provides services to an acute care, rehabilitation, chronic care, or mental health hospital.

State Fiscal Effect: Special fund revenues for the Board of Pharmacy and BPQA could increase by an estimated \$4,500 in fiscal 2003, which reflects the bill’s October 1, 2002 effective date. This estimate reflects the following facts and assumptions:

- nine physician-pharmacist agreements will be approved by the boards annually;
- an approved physician-pharmacist agreement is valid for two years;
- each agreement is subject to a \$500 fee; and
- each renewed agreement is subject to a \$200 fee.

The boards would set aside \$300 of each \$500 initial filing fee to fund the report required by the bill. Accordingly, board special fund expenditures for the report could increase by \$2,700 annually, beginning in fiscal 2003.

Future year estimates reflect biennial agreement renewals and assume the number of new agreements remains constant.

Additional Information

Prior Introductions: None.

Cross File: SB 676 (Senators Hollinger and Bromwell) - Education, Health, and Environmental Affairs.

Information Source(s): Department of Health and Mental Hygiene (Board of Physician Quality Assurance, Board of Pharmacy), Department of Legislative Services

Fiscal Note History: First Reader - March 5, 2002
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