

Department of Legislative Services
 Maryland General Assembly
 2002 Session

FISCAL NOTE
Revised

Senate Bill 611

(Senator Della)

Finance

Environmental Matters

Maryland Pharmacy Assistance Program - Reimbursement - Diabetes Test Strips

This bill requires the Maryland Pharmacy Assistance Program (MPAP) to cover diabetes test strips for eligible enrollees.

The bill is contingent upon approval of the waiver amendment application submitted as required by Chapters 134 and 135 of 2001 that seeks matching federal funds for the MPAP and the Maryland Pharmacy Discount Program.

Fiscal Summary

State Effect: Assuming the waiver amendment is approved, Department of Health and Mental Hygiene (DHMH) expenditures could increase by an estimated \$1.52 million (50% general fund, 50% federal funds) in FY 2003. Future year estimates reflect annualization and inflation. No effect on revenues.

(\$ in millions)	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	.76	1.01	1.08	1.16	1.24
FF Expenditure	.76	1.01	1.08	1.16	1.24
Net Effect	(\$1.52)	(\$2.02)	(\$2.16)	(\$2.31)	(\$2.47)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: MPAP provides prescription drug coverage to individuals whose annual household income is \$10,300 or less and whose assets do not exceed \$3,750. MPAP covers approximately 44,000 enrollees and provides coverage for certain maintenance drugs, anti-infectives, and AZT. The MPAP is funded with general funds only.

Background: Chapters 134 and 135 of 2001 established the Maryland Pharmacy Discount Program (MPDP), which covers Medicare enrollees without other public or private prescription drug coverage. MPDP will not be implemented until DHMH receives a determination from the federal Centers for Medicare and Medicaid Services (CMS) on its waiver amendment application seeking matching federal funds for the program. When implemented, enrollees can purchase medically necessary prescription drugs from any pharmacy that participates in the Medicaid program at a price that is equivalent to the price reimbursed by Medicaid, including the benefit of any federally mandated manufacturers' rebates.

In addition to seeking matching federal funds for the MPDP, the waiver amendment seeks matching federal funds for the MPAP.

State Fiscal Effect: DHMH expenditures could increase by an estimated \$1,515,700 (50% general funds, 50% federal funds) in fiscal 2003, which reflects the bill's October 1, 2002 effective date. This estimate reflects the following facts and assumptions:

- MPAP has 44,000 enrollees, of whom 6.5% (2,860) have diabetes and would require diabetes test strips;
- MPAP pays \$55 per month per enrollee for diabetes test strips; and
- \$100,000 in one-time programming costs will be required to modify existing systems to track and process medical supplies in addition to drugs.

Future year estimates reflect annualization, 7% medical inflation, and a constant number of enrollees using test strips.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Health and Mental Hygiene, Department of Legislative Services

Fiscal Note History: First Reader - March 4, 2002
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Analysis by: Susan D. John

Direct Inquiries to:
John Rixey, Coordinating Analyst
(410) 946-5510
(301) 970-5510