

Department of Legislative Services

Maryland General Assembly

2002 Session

FISCAL NOTE**Revised**

House Bill 1173

(Chairman, Environmental Matters Committee)

(Departmental - Health and Mental Hygiene)

Environmental Matters

Health General - Maryland Pharmacy Assistance Program - Increase in Copayment Amount

This departmental bill increases the copayment that Maryland Pharmacy Assistance Program (MPAP) enrollees are required to pay for each prescription filled from \$5 to \$7.50.

The bill takes effect July 1, 2002.

Fiscal Summary

State Effect: Department of Health and Mental Hygiene (DHMH) general fund expenditures could decrease by \$2.5 million in FY 2003. Future year estimates reflect 5% increases in enrollment. Revenues would not be affected.

(in dollars)	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	(2,500,000)	(2,625,000)	(2,756,300)	(2,894,100)	(3,038,800)
Net Effect	\$2,500,000	\$2,625,000	\$2,756,300	\$2,894,100	\$3,038,800

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

Local Effect: None.

Small Business Effect: DHMH has determined that this bill has minimal or no impact on small business (attached). Legislative Services disagrees with this assessment as discussed below.

Analysis

Current Law: MPAP enrollees pay a \$5 copay for each prescription filled.

Background: MPAP provides prescription drug coverage to an individual whose annual household income is \$10,300 and who has assets that do not exceed \$3,750. MPAP covers approximately 44,000 enrollees and provides coverage for certain maintenance drugs, anti-infectives, and AZT.

For fiscal 2002, the Medicaid program's projected deficit is \$316 million. In an effort to reduce Medicaid's underfunding, the Governor's fiscal 2003 proposed budget *allowance* contains a deficiency appropriation for \$277 million. The proposed allowance also includes \$56.9 million in cost containment actions and \$18 million in savings from early recoveries of excess payments to nursing homes. Cost containment actions include increasing the MPAP copayment from \$5 to \$7.50 to reduce general fund expenditures.

State Fiscal Effect: DHMH general fund expenditures could decrease by an estimated \$2.5 million in fiscal 2003. This estimate assumes that one million prescriptions are filled by MPAP enrollees in fiscal 2003. Future year estimates reflect 5% annual increases in enrollment and assume the number of prescriptions filled per enrollee remains constant.

Small Business Effect: The bill's provisions would have a potentially meaningful impact. MPAP enrollees with qualifying medical conditions are permitted to enroll in the Maryland Primary Care Program, which provides acute, chronic, and preventive health care at a centralized location for low-income individuals. DHMH requires primary care providers in this program to pay an enrollee's prescription drug co-payment. There are 28 providers in the program, most of which are small businesses. Approximately 8,000 primary care program enrollees receive medical care from these providers. If each enrollee filled 27 prescriptions annually, the 28 providers would be responsible for absorbing an additional \$540,000 in fiscal 2003 from the increased co-payment.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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