

**Department of Legislative Services**  
Maryland General Assembly  
2003 Session

**FISCAL AND POLICY NOTE**

Senate Bill 537 (Senators Hooper and Brochin)  
Education, Health, and Environmental Affairs

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**Health Occupations - Gifts from Pharmaceutical Manufacturers or  
Pharmaceutical Marketers - Prohibited**

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This bill prohibits a physician, nurse practitioner, or pharmacist from accepting any gift greater than \$50 from a pharmaceutical manufacturing company or a pharmaceutical marketer. An exception is made for samples and literature pertaining to pharmaceutical products. The respective regulatory board for each licensed health care provider may reprimand a licensee, place a licensee on probation, or suspend or revoke a license if the licensee violates the bill's provisions.

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**Fiscal Summary**

**State Effect:** Revenues could decrease minimally if licenses are revoked. Any additional administrative workload to investigate complaints and handling any appeals could be absorbed within the boards' existing budgeted resources.

**Local Effect:** None.

**Small Business Effect:** Potential minimal. Small business health care providers who receive gifts from manufacturers may lose revenues or other compensation if manufacturers stop providing gifts over \$50. Small business health care providers who accept gifts over \$50 from pharmaceutical manufacturers or marketers could be subject to disciplinary action by their respective licensing board.

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## Analysis

**Current Law:** There are no provisions prohibiting gifts from pharmaceutical manufacturers or marketers.

**Background:** With prescription drug costs skyrocketing, increasing more than 17% each of the past four years, many states have been considering legislation to control these increases, both directly and indirectly. The drug industry spent approximately \$15.7 billion promoting drugs in 2000. Of this, the largest cost was the value of free drug samples given to physicians. Manufacturers routinely give physicians free drug samples, lunches, and office supplies with brand names. Manufacturers have also given physicians with large practices expensive trips to restaurants, resorts, and conferences. Providing physicians with drug samples and other marketing products increases the demand for specific, generally more expensive drugs and may hinder physicians from considering less costly alternative therapies.

The Pharmaceutical Research and Manufacturers of America (PhRMA) adopted new industry guidelines in 2002 that prohibit drug manufacturers from mixing their educational programs with entertainment and trips to resorts.

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### Additional Information

**Prior Introductions:** None.

**Cross File:** HB 548 (Delegate Boutin, *et al.*) – Health and Government Operations.

**Information Source(s):** Pharmaceutical Research and Manufacturers of America, Department of Health and Mental Hygiene (Medicaid, Board of Pharmacy, Boards and Commissions, Maryland Health Care Commission), Department of Legislative Services

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