

Department of Legislative Services
 Maryland General Assembly
 2005 Session

FISCAL AND POLICY NOTE

House Bill 263
 Appropriations

(Delegate Menes, *et al.*)

**State Employee and Retiree Health and Welfare Benefits Program - Academic
 Detailing Initiative**

This bill requires the Department of Budget and Management (DBM) to establish an “academic detailing” initiative within the State Employee and Retiree Health and Welfare Benefits Plan (State plan). The purpose of the initiative is to enhance the prescription knowledge of physicians and other authorized prescribers in order to optimize health outcomes of State plan enrollees. The initiative must use pharmacists within the University of Maryland School of Pharmacy to visit physicians and other authorized prescribers; provide continuing education; and provide clear, concise, evidence-based information regarding the use of pharmaceuticals to aid prescribing decisions in various disease states. DBM must report by October 1, 2006 and annually thereafter to the Governor and the General Assembly on the initiative’s effect on drug utilization and expenditures in the State plan.

Fiscal Summary

State Effect: University System of Maryland general fund expenditures could increase by \$582,100 in FY 2006. State plan expenditures could decrease by a significant amount, beginning FY 2007. Future year estimates reflect annualization and inflation. No effect on revenues.

| (in dollars) | FY 2006 | FY 2007 | FY 2008 | FY 2009 | FY 2010 |
|----------------|-------------|-------------|-------------|-------------|-------------|
| Revenues | \$0 | \$0 | \$0 | \$0 | \$0 |
| GF Expenditure | 582,100 | 757,900 | 793,300 | 830,700 | 870,400 |
| GF/SF/FF Exp. | 0 | (-) | (-) | (-) | (-) |
| Net Effect | (\$582,100) | (\$757,900) | (\$793,300) | (\$830,700) | (\$870,400) |

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

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: None applicable.

Background: Academic detailing is face-to-face educational outreach visits made by trained registered pharmacists to provide evidence-based information to physicians and other prescribers on the use of prescription drugs for various diseases. Drug choice decisions resulting from inappropriate and unnecessary prescribing can lead to serious drug-related problems such as potentially dangerous drug interactions, incorrect dosages, and poor patient outcomes. According to a *Journal of the American Medical Association* article, academic detailing is one of the few interventions that has demonstrated positive changes in reducing inappropriate prescribing. Such efforts have resulted in a 12% to 49% reduction in inappropriate prescriptions.

West Virginia has developed an academic detailing program for its state employee health benefits program. Clinical pharmacy faculty members at the West Virginia University (WVU) School of Pharmacy prepare information to be provided to physicians and other prescribers. The program began in 2003 in two cities (Morgantown and Charleston) that have the highest concentration of state employees. In 2004, the program expanded to Huntington, and future program expansions are anticipated.

Initially, the West Virginia program targeted five therapeutic categories: antibiotics, antihypertensives, acid-suppression medications, nonsteroidal anti-inflammatory drugs, and cholesterol-lowering medications. The program selected physicians to visit by ranking them by the number and cost of the prescriptions they wrote in these five categories during the previous year. The WVU School of Pharmacy received a grant of \$893,000 from the state's employee benefits program to fund its first two years.

State Fiscal Effect: University System of Maryland higher education expenditures could increase by \$582,064 in fiscal 2006, which accounts for the bill's October 1, 2005 effective date. This estimate reflects the cost of hiring three professors, four pharmacists, and one administrative assistant to develop the program, track data returns on prescribing practices, travel to educate prescribers, and manage informational materials. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

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|---|------------------|
| Salaries and Fringe Benefits | \$485,434 |
| Printing and Distribution Costs | 37,400 |
| Travel Expenses | 31,500 |
| Other Operating Expenses | <u>27,730</u> |
| Total FY 2006 State Expenditures | \$582,064 |

Future year expenditures reflect: (1) full salaries with 4.6% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

State plan prescription drug expenditures could decrease by a significant amount, beginning in fiscal 2007. DBM advises that since Caremark, its pharmacy benefits manager, currently provides academic detailing to prescribers, it is unlikely that there would be any savings resulting from the new initiative. The University of Maryland School of Pharmacy indicates the bill could potentially save as much as \$3.8 million annually, as well as provide additional savings from improved outcomes and avoided adverse drug-related events. (State plan prescription drug expenditures are expected to be about \$337 million in fiscal 2007.)

Legislative Services advises there are insufficient data at this time to reliably estimate any savings; however, potential savings could be significant if the academic detailing initiative coordinates with Caremark to provide even greater outreach and education to prescribers. Revenues would not be affected.

State plan expenditures assume a fund mix of 60% general funds, 20% federal funds, and 20% special funds; 20% of expenditures are reimbursable through employee contributions.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): *West Virginia's Prescription Drug Academic Detailing Program (January 5, 2005)*, John Kasprak; Connecticut General Assembly Office of Legislative Research; *Innovations in Physician Prescribing (October 2001)*, California Health Care Foundation; University System of Maryland (School of Pharmacy); Department of Budget and Management (Employee Benefits Division); Department of Legislative Services

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