

Department of Legislative Services
Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE
Revised

House Bill 1004 (Delegate Donoghue, *et al.*)

Health and Government Operations

Finance

Maryland Medbank Program - Funding

This bill authorizes up to \$425,000 in funds remaining from the Senior Prescription Drug Program that have accrued to the account of the Senior Prescription Drug Assistance Program (SPDAP) of the Maryland Health Insurance Plan Fund to be transferred and appropriated to the Department of Health and Mental Hygiene (DHMH) for a grant to the Maryland Medbank Program.

The bill takes effect July 1, 2007.

Fiscal Summary

State Effect: This bill authorizes a special fund expenditure of up to \$425,000 in FY 2008 only.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Medbank is administered by Medbank of Maryland, Inc., a private entity that is required to contract with one or more government or nonprofit entities to operate the program. Medbank of Maryland, Inc. must ensure that the program is available to residents in all geographic regions of the State.

The administrative costs of the program must be funded through a grant provided by DHMH. No specific amount of funding is required. DHMH and Medbank of Maryland, Inc. are required to submit an annual report on the status of the program.

Background: Section 4 of Chapter 345 of 2006 prohibited the Maryland Health Insurance Plan (MHIP) from spending any remaining funds from the now defunct Senior Prescription Drug Program that may accrue to SPDAP without the approval of the General Assembly. According to MHIP, as of February 2007, \$3.2 million has accrued to SPDAP from the former program.

Established by the Senior Prescription Drug Relief Act (Chapters 134 and 135 of 2001), Medbank assists low-income individuals who lack prescription drug coverage by accessing medically necessary prescription drugs through patient assistance programs sponsored by pharmaceutical drug manufacturers. Since its inception, Medbank has provided \$90 million in free medicine to about 32,000 patients.

Medbank's termination date of June 30, 2006 was repealed by Chapter 22 of 2006.

Funding for Medbank's administrative costs has varied since its inception. Originally, it was to be funded through grants from the now-defunct Maryland Health Care Foundation. Medbank has received the following State appropriations:

<u>Fiscal Year</u>	<u>Amount</u>	<u>Fund Type</u>
2002	\$2.5 million	General
2003	2.0 million	General
2004	800,000 1.2 million	General Special*
2005	1.0 million	Special
2006	200,000 500,000	General Special
2007	425,000	General
2008	None	
Totals	\$5.925 million \$2.7 million	General Special

**The 2004 Budget Reconciliation and Financing Act provided grants from Medicaid's HealthChoice Performance Incentive Fund to the Medbank program.*

Additional Information

Prior Introductions: None.

Cross File: SB 281 (Senator Middleton, *et al.*) – Finance.

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

Fiscal Note History: First Reader - February 26, 2007
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