

Department of Legislative Services
 Maryland General Assembly
 2007 Session

FISCAL AND POLICY NOTE

House Bill 1306 (Delegate Goldwater, *et al.*)
 Health and Government Operations

Maryland Commission for Autoimmune Disease Information and Research

This bill establishes the Maryland Commission for Autoimmune Disease Information and Research and the Autoimmune Disease Information and Research Fund in the Department of Health and Mental Hygiene (DHMH).

The bill takes effect October 1, 2007 and terminates September 30, 2011.

Fiscal Summary

State Effect: DHMH general fund administrative expenditures could increase by \$263,400 in FY 2008 to support the commission. Expenditures would increase by an additional amount to the extent grants are provided from the fund. This amount is expected to be significant. Future year estimates reflect annualization, inflation, and the bill’s termination date. No effect on revenues.

(in dollars)	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	263,400	280,500	271,800	278,300	71,300
Net Effect	(\$263,400)	(\$280,500)	(\$271,800)	(\$278,300)	(\$71,300)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The commission must: • develop strategies and programs to raise public awareness of autoimmune disease issues; • review the health status of autoimmune disease patients in Maryland and utilize available information to obtain a precise picture of the presence of autoimmune diseases in Maryland; • organize community workshops on autoimmune disease; • monitor State and federal policy and legislation that may affect autoimmune disease research; and • recommend services and policy changes that will further the goals of the commission.

The commission is authorized to accept federal funds, private gifts, and donations. Commissioners may not receive compensation, but are entitled to reimbursement for expenses. Commission staff must be designated by the Secretary of Health and Mental Hygiene. By December 31 of each year, the commission must submit an annual report that includes recommendations.

The fund consists of moneys received from any lawful source and must be used to make grants for autoimmune disease research that are focused on basic, preclinical, and clinical research for treating individuals with autoimmune diseases. The fund is a continuing, nonlapsing fund and any unspent portions of the fund may not be transferred or revert to the general fund. The chair of the commission must administer and the Legislative Auditor must audit the accounts and transactions of the fund.

Background: Chapter 437 of 2005 established a Task Force to Study the Impact of Autoimmune Disease in Maryland. Before terminating on December 31, 2006, the task force issued a final report, which recommended that the General Assembly • create a Board of Autoimmune Disease Research to be in existence for four years; • provide budgetary support to the board to hire one full-time State employee as well as sponsor needed research and a public awareness campaign; and • provide support for the task force to gave access to State databases in order to obtain data for research goals. The task force also recommended that the Governor proclaim an annual day of Autoimmune Disease Awareness.

The term “autoimmune disease” refers to a varied group of more than 80 serious, chronic illnesses that involve almost every human organ system. It includes diseases of the nervous, gastrointestinal, and endocrine systems as well as skin and other connective tissues, eyes, blood, and blood vessels. In all these diseases, the underlying problem is that the body’s immune system becomes misdirected, attacking the organs it was designed to protect. There are many different autoimmune diseases, including Rheumatoid Arthritis, Grave’s disease, Type 1 Diabetes (Juvenile or Adult Onset), Multiple Sclerosis, Systemic Lupus Erythematosus (Lupus), and Psoriasis.

Many autoimmune diseases are rare. As a group, however, they affect between 14.7 and 23.5 million Americans. Most autoimmune diseases strike women more often than men, particularly affecting women of working age and during their childbearing years. These diseases are often chronic, requiring lifelong care and monitoring, even when the person may look or feel well. Currently few autoimmune diseases can be cured with treatment. However, many people with these diseases can live normal lives with appropriate medical care. The annual direct medical costs of autoimmune disease in Maryland are estimated at \$1.87 billion.

State Fiscal Effect: DHMH general fund expenditures could increase by \$263,381 in fiscal 2008, which accounts for the bill’s October 1, 2007 effective date. This estimate reflects the cost of hiring 2.5 contractual employees: one full-time program coordinator, one full-time coordinator of special programs, and one part-time epidemiologist to support the commission, collect and analyze data, develop regulations and grant materials, and guide the grant process. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses. The estimate also includes the cost of holding five regional and one statewide community workshops and contractual expenses to develop a public awareness campaign and develop and implement programs to examine disparities and target at-risk populations.

Awareness Campaign and Programs	\$112,500
Salaries and Fringe Benefits	80,598
Community Workshops	50,000
Operating Expenses	<u>20,283</u>
Total FY 2006 State Expenditures	\$263,381

The estimate does not include the cost of providing grants for autoimmune disease research from the fund established under the bill. To the extent grants are provided using State funds, general fund expenditures would increase by an additional amount. DHMH estimates that the minimum amount needed to establish a viable grant program would be approximately \$500,000 per year. This is the amount of funding currently provided to the Spinal Cord Injury Research Trust Fund, which typically issues five \$200,000 grants over a two-year funding cycle. Grants could also be provided using federal or private funds, as permitted under the bill. The National Institutes of Health federal fiscal 2008 budget includes an estimated \$593 million for autoimmune disease research nationally.

Future year expenditures reflect: (1) annualization; (2) full salaries with 4.5% annual increases and 6.8% employee turnover; (3) 1% annual increases in ongoing operating expenses; and (4) the bill’s September 30, 2011 termination date.

Additional Comments: DHMH indicates that the commission would expend an additional \$50,000 per year in fiscal years 2008, 2010, and 2011 to conduct regional needs assessment focus groups. Legislative Services disagrees with these expenses as the bill does not require the commission to conduct needs assessments. Further, DHMH notes that commission staff would be provided through a contract with the Maryland Institute for Policy Analysis and Research. Legislative Services finds that hiring 2.5 contractual employees to staff the commission through DHMH at the same salary grades would be more cost-effective.

Additional Information

Prior Introductions: None.

Cross File: SB 899 (Senator Britt) – Finance.

Information Source(s): *State of Maryland Autoimmune Disease Task Force Final Report* (December 2006); National Institute of Allergy and Infectious Diseases; Department of Health and Mental Hygiene (Family Health Administration); Department of Legislative Services

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ncs/jr

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