

Department of Legislative Services
 Maryland General Assembly
 2008 Session

FISCAL AND POLICY NOTE

House Bill 233 (Chair, Health and Government Operations) (By Request
 – Departmental – Health and Mental Hygiene)

Health and Government Operations Education, Health, and Environmental
 Affairs

**Physicians and Pharmacists - Therapy Management Contracts - Extension of
 Law**

This departmental bill extends the termination date of the Therapy Management Contract Program between the Board of Pharmacy and the Board of Physicians from May 31, 2008 to September 30, 2010.

The bill takes effect June 1, 2008.

Fiscal Summary

State Effect: Special fund expenditures could increase by \$1,700 in FY 2009 and 2010 due to the continuation of board meetings to approve agreements. Special fund revenues could increase by \$2,300 in FY 2009 due to fees collected for the approval of physician-pharmacist agreements. FY 2011 reflects the program’s termination date of September 30, 2010, with no agreements being approved.

(in dollars)	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
SF Revenue	\$2,300	\$1,000	\$0	\$0	\$0
SF Expenditure	1,700	1,700	0	0	0
Net Effect	\$600	(\$700)	\$0	\$0	\$0

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

Local Effect: None.

Small Business Effect: The Department of Health and Mental Hygiene has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

Analysis

Current Law: A “therapy management contract” is a voluntary, written arrangement that is disease-state specific and applies to one licensed pharmacist, one licensed physician, and one patient receiving care from the physician and pharmacist. A “physician-pharmacist” agreement is an approved agreement between a physician and pharmacist that is disease-state specific and specifies the protocols that may be used. A “protocol” is a course of treatment predetermined by the physician and pharmacist according to generally accepted medical practice for the proper completion of a particular therapeutic or diagnostic intervention. A protocol may authorize • the modification, continuation, and discontinuation of drug therapy under written, disease-state specific protocols; • the ordering of laboratory tests; and • other patient care management measures related to monitoring or improving the outcomes of drug or device therapy.

In order for a physician and pharmacist to enter into a therapy management contract, a physician-pharmacist agreement has to be approved by the Board of Physicians and the Board of Pharmacy. The boards may not approve a physician-pharmacist agreement if the boards find there is • inadequate training, experience, or education of the physician or pharmacist to implement the protocols specified in the contract; or • a failure to satisfy legal requirements that pertain to physicians or pharmacists. A physician-pharmacist agreement is valid for two years from the date of approval.

The program is scheduled to terminate May 31, 2008.

Background: The boards were required to report to the Governor and the General Assembly by October 1, 2006 on the effect of the program and make any recommendations for legislative or regulatory action. According to the report, the first physician-pharmacist agreement was not approved until February 2006 due to the time necessary to promulgate regulations, implement program procedures, and give applicants time to develop drug therapy management applications. Given the delay in implementation, the boards requested an extension to collect sufficient patient outcome data and to develop study conclusions and recommendations.

According to the Board of Pharmacy, five physician-pharmacist agreements and sets of protocols have been approved so far. A total of 38 individual patients are being served through the program.

State Fiscal Effect: Although the Therapy Management Contract Program is a joint program between the Board of Pharmacy and the Board of Physicians, the Board of Pharmacy covers all expenditures and collects all revenues related to the program.

Board expenditures could increase by \$1,710 in fiscal 2009 and 2010 to cover the costs of three joint meetings held by the Board of Pharmacy and the Board of Physicians each year. The information and assumptions used in calculating the estimate are stated below:

- four commissioners attend each of the three meetings at a per diem rate of \$100 for a total \$1,200;
- travel costs of \$300; and
- supplies needed to review and approve treatment protocols and physician-pharmacist agreements total \$210.

In fiscal 2011, it is assumed that no new agreements would be approved since the program terminates on September 30, 2010. Thus, the board would not incur any expenditures for this purpose.

Board revenues could increase by \$2,250 in fiscal 2009 as the board anticipates the approval of nine new physician-pharmacist agreements at \$250 each. Fiscal 2010 revenues reflect only the renewal of existing physician-pharmacist agreements. Renewal fees are \$200 per agreement. Since the program expires at the end of the first quarter of fiscal 2011, it is assumed that all agreements would terminate at that time even though approved agreements generally remain in effect for two years. It is therefore unlikely that new agreements would be approved in fiscal 2011.

Chapter 249 of 2002 required that the Therapy Management Contract Program be evaluated. Therefore, the Board of Pharmacy chose to enter into a contract with the University of Maryland to evaluate the program. The contract agreement which totaled \$50,000 began in 2007 and ends at the close of 2009. Absent the bill, the evaluation would continue since the requirement for the evaluation remains. Therefore, contract costs for the evaluation are not included in this fiscal estimate.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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