

**Department of Legislative Services**  
 Maryland General Assembly  
 2008 Session

**FISCAL AND POLICY NOTE**

Senate Bill 775

(Senator Pugh)

Finance

Health and Government Operations

**Maryland Medbank Program - Funding**

This bill authorizes up to \$425,000 in funds that have accrued to the account of the Senior Prescription Drug Assistance Program of the Maryland Health Insurance Plan Fund to be transferred and appropriated, for fiscal 2009 only, to the Department of Health and Mental Hygiene for a grant to the Maryland Medbank Program.

The bill takes effect July 1, 2008.

**Fiscal Summary**

**State Effect:** The bill authorizes a special fund expenditure of up to \$425,000 in FY 2009 only.

| (in dollars)   | FY 2009     | FY 2010 | FY 2011 | FY 2012 | FY 2013 |
|----------------|-------------|---------|---------|---------|---------|
| Revenues       | \$0         | \$0     | \$0     | \$0     | \$0     |
| SF Expenditure | 425,000     | 0       | 0       | 0       | 0       |
| Net Effect     | (\$425,000) | \$0     | \$0     | \$0     | \$0     |

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

**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 from spending any remaining funds from the now defunct Senior Prescription Drug Program that may accrue to SPDAP (the successor program) without the approval of the General Assembly. According to MHIP, as of January 2008, \$3.4 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 more than \$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<br>1.2 million                           | General<br>Special               |
| 2005               | 1.0 million                                      | Special                          |
| 2006               | 200,000<br>500,000                               | General<br>Special               |
| 2007               | 425,000  | General                          |
| 2008               | 425,000  | Special                          |
| <b>Totals</b>      | <b>\$5.925 million</b><br><b>\$3.125 million</b> | <b>General</b><br><b>Special</b> |

Chapter 636 of 2007 authorized \$425,000 from SPDAP for Medbank in fiscal 2008.

## **Additional Information**

**Prior Introductions:** This bill is identical to Chapter 636 of 2007 (HB 1004), with the exception of the applicable fiscal year. HB 1004 authorized up to \$425,000 for a grant to Medbank for fiscal 2008 only.

**Cross File:** HB 514 (Delegates Donoghue and Nathan-Pulliam) – Health and Government Operations.

**Information Source(s):** Maryland Insurance Administration, Department of Legislative Services

**Fiscal Note History:** First Reader - February 12, 2008  
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