

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

**FISCAL AND POLICY NOTE**

House Bill 237

(Chair, Health and Government Operations Committee)  
(By Request – Departmental – Health and Mental Hygiene)

Health and Government Operations

Finance

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**Maryland AIDS Drug Assistance Program - Special Fund**

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This departmental bill clarifies that any rebates received by the Department of Health and Mental Hygiene from the Maryland AIDS Drug Assistance Program (MADAP) must be distributed to a special *nonlapsing* fund that is not subject to reversion to the general fund.

The bill takes effect July 1, 2008.

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**Fiscal Summary**

**State Effect:** None. The bill clarifies current law.

**Local Effect:** None.

**Small Business Effect:** DHMH has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

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**Analysis**

**Current Law:** Chapter 503 of 2006 required that any rebates received by DHMH from MADAP be distributed to a special fund to be used only for MADAP. Segregation of MADAP rebates is required under the federal Ryan White HIV/AIDS Treatment Modernization Act of 2006. The current special fund is not nonlapsing; therefore, funds may revert to the general fund, which would conflict with federal law. To date, no funds have ever reverted from the special fund to the general fund.

**Background:** MADAP assists persons diagnosed with HIV/AIDS who meet certain income eligibility criteria – above 116% and below 500% of federal poverty guidelines – with HIV/AIDS-related drug costs. Clients are certified eligible for a one-year period, after which time they may reapply for certification. MADAP has one of the nation’s most expansive eligibility thresholds and generous drug coverage.

Through the federally funded MADAP, the State receives rebate funds for drugs purchased through the program. In fiscal 2007, the AIDS Administration received \$11.6 million in MADAP drug rebates, of which \$11.1 million was spent on MADAP. Remaining funds were distributed to a special fund. In fiscal 2008 and 2009, \$10.8 million and \$12.9 million in rebates are anticipated, respectively.

**Exhibit 1** displays 2008 federal poverty guidelines by family size.

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**Exhibit 1**  
**2008 Federal Poverty Guidelines**

<u>Family Size</u>	<u>116% FPG</u>	<u>500% FPG</u>
1	\$12,064	\$52,000
2	\$16,240	\$70,000
3	\$20,416	\$88,000
4	\$24,592	\$106,000

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**Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - January 25, 2008  
ncs/ljm

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Analysis by: Jennifer B. Chasse

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510

