HB 561

Department of Legislative Services

Maryland General Assembly
2010 Session

FISCAL AND POLICY NOTE

House Bill 561 (Prince George's County Delegation)
Health and Government Operations

Prince George's County - Prohibition on Issuing Licenses to Fast Food Style Restaurants in Locations with a High Index of Health Disparities
PG 415-10

This bill requires the Maryland Office of Minority Health and Health Disparities (MHHD) to map health disparities in Prince George's County using data on diabetes, cardiovascular disease, obesity, and other diseases. The bill prohibits issuing licenses to fast food restaurants in Prince George's County in locations with a 60% or higher health disparity index. Geographic boundaries in the county must be defined to measure health disparities in different parts of the county. In addition, any other information or means necessary to make the mapping accurate must be identified and used.

Fiscal Summary

State Effect: General fund expenditures increase by $46,600 in FY 2011 for MHHD to accurately map health disparities within Prince George's County. Future year expenditures reflect a move to a part-time position in FY 2012. The bill does not materially affect State revenues.

(in dollars)	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Revenues	$0	$0	$0	$0	$0
GF Expenditure	46,600	35,000	36,400	37,900	39,400
Net Effect	($46,600)	($35,000)	($36,400)	($37,900)	($39,400)

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

Local Effect: Prince George's County licensing revenues may decrease minimally with an offsetting decrease in expenditures related to inspecting and licensing new fast food restaurants. County income and property tax revenues may also decrease minimally to the extent the bill affects employment opportunities and development in the county.

Small Business Effect: Potential meaningful.

Analysis

Current Law: Chapter 443 of 2004 created MHHD within the Department of Health and Mental Hygiene (DHMH) to advocate for the improvement of minority health care and help the Secretary of Health and Mental Hygiene identify, coordinate, and establish priorities for programs, services, and resources that the State should provide for minority health and health disparities issues. The office, among other duties, must obtain funding and, contingent upon the funding, provide grants to community-based organizations and historically black colleges and universities to conduct special research, demonstration, and evaluation projects for targeted at-risk racial and ethnic minority populations and support ongoing community-based programs designed to reduce or eliminate racial and ethnic health disparities.

DHMH must submit an annual report to the Governor and the General Assembly on the projects and services developed and funded by the office, the health care problems the grants are intended to ameliorate, and any recommendations.

Background: Racial and ethnic minorities in Maryland, and throughout the United States, experience higher incidence rates of diseases and higher mortality rates from those diseases than Caucasians. Health disparities involve health status, as measured by death rates, infant mortality, smoking rates, and the incidence of conditions such as diabetes, hypertension, cholesterol, and HIV/AIDS, among other measures. Disparities also involve health care access, such as the proportion of people without insurance and the availability of health care facilities, among other measures. MHHD collects health disparity data and produces reports showing statewide statistics and breakdowns by jurisdiction and gender.

In 2009, the RAND Corporation prepared a report for the Prince George's County Council titled *Assessing Health and Health Care in Prince George's County*. In order to examine variation in demographic characteristics within the county, the report used geographic areas defined by the U.S. Census Bureau called Public Use Microdata Areas (PUMAs). There are seven non-overlapping PUMAs within Prince George's County. The region of Prince George's County located inside Interstate 495 (the beltway) is divided into four PUMAs, while the part located outside of the beltway is divided into three. The U.S. Census Bureau estimates Prince George's County has 825,924 residents; approximately 64% of its residents are African American and 12% are Hispanic.

According to the RAND Corporation, residents in poor health are concentrated in the southwestern regions of the county, but the overall health status of county residents is comparable to those living in neighboring jurisdictions. Among Prince George's County residents, relatively high rates of asthma, obesity, HIV/AIDS, and homicide are areas of concern.

Approximately 80,000 adults in Prince George's County are uninsured. This figure is twice as high as neighboring Howard County and nearly one-third more than Montgomery County. In addition, the county appears to lack a primary care safety net. Relatively few primary care physicians practice in poor regions of the county. Further, the county only has one federally qualified health center that serves uninsured and low-income patients. These factors have the potential to exacerbate health disparities within the county.

In July 2008, the Los Angeles City Council unanimously supported a one-year moratorium on new fast food establishments in south and southeast Los Angeles. Restaurants currently in existence were not affected under the moratorium. The ordinance came in response to studies indicating obesity and related illnesses are connected to high-fat foods in fast food restaurants. According to the *L.A. Times*, south Los Angeles has the highest concentration of fast food restaurants in Los Angeles County. The Los Angeles County Department of Public Health indicates that the southern part of the county also has higher obesity rates than the remainder of the county.

In 2009, the New York City Council considered legislation to prohibit new fast food restaurants from opening in the city. Existing fast food restaurants were exempt from the prohibition. According to the *New York Times*, the prohibition was based on the report, *The Effect of Fast Food Restaurants on Obesity*, by researchers at the University of California, Berkeley, and Columbia University. The study was published in February 2009 and included over eight years of data from 1,047 California high schools. It found that caloric intake could increase 30 to 100 calories per day depending on the proximity of a fast food restaurant to a school. The National Bureau of Economic Research said the report showed cause and effect between fast food and obesity.

State Fiscal Effect: General fund expenditures increase by an estimated $46,583 in fiscal 2011, which accounts for the bill's October 1, 2010 effective date. This estimate reflects the cost of hiring one contractual program administrator to evaluate existing approaches to accurately map health disparities, identify data suitable for mapping health disparities, assist in developing and testing a methodology for mapping health disparities, and create an implementation plan. It includes a salary, one-time start-up costs, and ongoing operating expenses.

Contractual Position	1
Salary	$35,076
Operating Expenses	11,508
Total FY 2011 State Expenditures	**$46,583**

Future year expenditures reflect a part-time contractual position with 4.4% annual increases and 6.8% employee turnover and 1% annual increases in ongoing operating expenses.

Small Business Effect: It is unclear as to how many new fast food restaurants will not open in the county as a result of the bill. Many fast food restaurants, such as McDonald's, are franchises and are considered small businesses. Since new fast food establishments will not be able to open in certain parts of the county where health disparities are at or above 60%, existing fast food restaurants may benefit from the decrease in new competition.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): U.S. Census Bureau, New York City Council, RAND Corporation, Department of Health and Mental Hygiene, Prince George's County, Department of Legislative Services

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ncs/mwc

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