

Department of Legislative Services
Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE
Revised

House Bill 990 (Delegate Hubbard, *et al.*)
Health and Government Operations

Finance

Benefits and Services for Individuals Who Are Incarcerated or Institutionalized

This bill specifies that if a Medicaid enrollee who is 21 to 64 years old is incarcerated or is admitted to an institution for the treatment of mental disease, the Department of Health and Mental Hygiene (DHMH) must suspend Medicaid benefits for that individual while the individual is incarcerated or institutionalized and may not terminate program benefits for that individual based on incarceration or institutionalization.

DHMH, the Department of Human Resources (DHR), and the Department of Public Safety and Correctional Services must convene a work group to make recommendations on actions to break the cycle of rearrest and reincarceration for individuals with mental illnesses. The work group must report its findings and recommendations by December 1, 2005 to the House Health and Government Operations Committee and the Senate Finance Committee.

The bill takes effect July 1, 2005. The benefit suspension requirements are contingent on DHMH's receipt of funding for a new computerized eligibility system for Medicaid. The bill's suspension requirements take effect on the date the new system is implemented.

Fiscal Summary

State Effect: Assuming implementation of a new Medicaid eligibility system, the bill's requirements could be handled with existing budgeted resources. DHR expenditures (50% general funds, 50% federal funds) could decrease from a reduced number of Medicaid reenrollments. The extent of any decrease cannot be reliably estimated at this time.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Medicaid currently terminates Medicaid benefits for an individual who is incarcerated or institutionalized. Individuals must reapply for Medicaid upon release.

Background: Currently, an individual released from incarceration or an institution must reapply for Medicaid upon release, often experiencing significant delays before being reenrolled. This delay could result in an individual's inability to get necessary medical treatment or medication until Medicaid enrollment has been reinstated.

DHMH is exploring funding options to develop and implement a new computerized eligibility system that more efficiently handles eligibility determinations than the current mainframe-based Medicaid Management Information System. Current estimates for the new system are about \$30 million.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Health and Mental Hygiene (Medicaid, Mental Hygiene Administration), Maryland Insurance Administration, Department of Legislative Services

Fiscal Note History: First Reader - March 10, 2005
mll/jr Revised - House Third Reader - March 30, 2005

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