

Department of Legislative Services
 Maryland General Assembly
 2006 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 644

(Senator Lawlah, *et al.*)

Finance

Health and Government Operations

**Maryland Medical Assistance Program - Medically Based Child Care Centers -
 Reimbursement**

This bill requires the Department of Health and Mental Hygiene (DHMH) to reimburse medically-based child care centers that participate in the program for care provided to Medicaid recipients at a per diem rate of at least \$80.

The bill takes effect July 1, 2006.

Fiscal Summary

State Effect: Medicaid expenditures could increase by \$169,000 (50% general funds, 50% federal funds), beginning in FY 2007. Future year estimates reflect inflation. No effect on revenues.

(in dollars)	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	84,500	90,000	95,800	102,000	108,700
FF Expenditure	84,500	90,000	95,800	102,000	108,700
Net Effect	(\$169,000)	(\$180,000)	(\$191,600)	(\$204,000)	(\$217,400)

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

Local Effect: None.

Small Business Effect: Potential meaningful. Small businesses that provide medically-based child care for Medicaid recipients would receive higher reimbursement rates.

Analysis

Current Law: Medicaid reimburses medically-based child care centers at \$70 per diem.

State Fiscal Effect: Medicaid expenditures could increase by an estimated \$168,928 (50% federal funds, 50% general funds) in fiscal 2007 from the increased reimbursement rate. The information and assumptions used in calculating the estimate are stated below:

- Medicaid reimbursed providers about \$844,000 total funds in fiscal 2005;
- the reimbursement rate is increased by 14.3%;
- because of the higher rates, providers would be motivated to enroll more Medicaid recipients and enrollment would increase by 5%; and
- future year estimates reflect 6.5% Medicaid inflation.

Additional Information

Prior Introductions: None.

Cross File: HB 1079 (Delegate Murray, *et al.*) – Health and Government Operations.

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

Fiscal Note History: First Reader - March 3, 2006
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