

**Department of Legislative Services**  
Maryland General Assembly  
2009 Session

**FISCAL AND POLICY NOTE**

House Bill 580

(Delegate Mizeur, *et al.*)

Health and Government Operations

Finance

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**Foster Kids Coverage Act**

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This bill requires the Maryland Medical Assistance Program (Medicaid), subject to the limitations of the State budget and as permitted by federal law, to provide coverage for “independent foster care adolescents” who are not otherwise eligible for Medicaid benefits and who have annual household incomes up to 300% of federal poverty guidelines (FPG). Independent foster care adolescents are individuals younger than age 21 who, on their eighteenth birthday, were in State foster care.

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**Fiscal Summary**

**State Effect:** Medicaid expenditures (50% general funds, 50% federal funds) increase in FY 2010 to extend Medicaid coverage to independent foster care adolescents. Due to the small number of individuals that require coverage under the bill above current eligibility guidelines, any increase is anticipated to be minimal. No effect on revenues.

**Local Effect:** None.

**Small Business Effect:** Minimal to none.

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**Analysis**

**Current Law:** Youth in State foster care receive medical care through Medicaid. However, this coverage often terminates when the youth turns 18 and leaves the foster care system. Many youth will continue to qualify for Medicaid or the Maryland Children’s Health Program (MCHP) through their nineteenth or twenty-first birthdays.

On average, about 350 youth exit or “age out” of the foster care system each year. These youth are eligible for aftercare services until age 21. Local departments of social services make case-by-case assessments and establish service agreements with the youth based on their needs. Services include financial assistance for rent, transportation, or employment uniforms or equipment. Funds can be used to subsidize health insurance coverage for up to six months with subsequent reviews to assess ongoing needs. Youth must comply with the service agreement and maintain regular contact with the local department of social services to receive aftercare services.

The federal Foster Care Independence Act of 1999 and the federal Deficit Reduction Act (DRA) of 2005 provided opportunities for states to extend Medicaid coverage for youth who have aged out of foster care. The Foster Care Independence Act provides the “Chafee option,” a provision that allows states to extend Medicaid eligibility to youth ages 18 to 21 who have aged out of foster care. DRA provides benefit flexibility that allows states to design a separate benefit package for such youth. Alternatively, states may also extend Medicaid coverage for youth who have aged out of care by other means using state general funds or Section 1115 waivers.

### **Background:**

*Coverage in Maryland:* Maryland Medicaid provides coverage to children younger than age 21 with incomes up to 116% FPG. Children up to age 19 with incomes between 116% FPG and 300% FPG are covered under MCHP. Individuals aging out of foster care that have incomes above 116% FPG and are age 19 or older currently do not have access to Medicaid or MCHP coverage.

*Coverage in Other States:* An October 2006 survey by the American Public Human Services Association indicates that 15 states provide coverage to youth who have aged out of the foster care system under the Chafee option, while 28 states and the District of Columbia use other methods to extend coverage including the medically needy category, Section 1115 waivers, the State Children’s Health Insurance Program, and general assistance based on income and resources.

**State Fiscal Effect:** Medicaid expenditures increase by a minimal amount beginning in fiscal 2010 to cover a limited number of individuals aging out of foster care that are age 19 or 20 and have incomes above 116% FPG.

The Department of Health and Mental Hygiene (DHMH) estimates that approximately 366 individuals age 19 and 20 age out of foster care annually. If all of these individuals had incomes above 116% FPG, Medicaid expenditures could increase by as much as \$1.7 million (50% general funds, 50% federal funds). However, virtually all individuals aging out of foster care have incomes at or below the poverty level. Thus, DHMH

anticipates that only a handful of individuals will require coverage that is not already available under the current Medicaid or MCHP program. Any new individuals covered under the bill will cost approximately \$4,600 annually.

**Additional Comments:** Exhibit 1 displays 2009 FPG by family size.

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**Exhibit 1**  
**2009 Federal Poverty Guidelines**

<u>Family Size</u>	<u>116% FPG</u>	<u>300% FPG</u>
1	\$12,563	\$32,490
2	\$16,901	\$43,710
3	\$21,240	\$54,930
4	\$25,578	\$66,150
5	\$29,916	\$77,370

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**Additional Information**

**Prior Introductions:** This bill is identical to HB 1406 of 2008, which was heard by the House Health and Government Operations Committee but later withdrawn.

**Cross File:** None.

**Information Source(s):** American Public Human Services Association, Department of Human Resources, Department of Health and Mental Hygiene, Department of Legislative Services

**Fiscal Note History:** First Reader - March 1, 2009  
ncs/mwc

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