

Department of Legislative Services
 Maryland General Assembly
 2011 Session

FISCAL AND POLICY NOTE
Revised

House Bill 778

(Delegate Mizeur, *et al.*)

Health and Government Operations

Finance

Family Planning Works Act

This bill expands eligibility for family planning services in the Medicaid program, beginning January 1, 2012, and subject to the limitations of the budget, to all women whose family incomes are at or below 200% of federal poverty guidelines (FPG).

Fiscal Summary

State Effect: Medicaid expenditures increase by \$5.5 million in total funds in FY 2012 for computer programming and hiring of additional eligibility workers, beginning October 1, 2011, and additional family planning service costs, beginning January 1, 2012. The general fund share of these expenditures is \$1.2 million. The Department of Health and Mental Hygiene (DHMH) plans to use budgeted general funds to support the expansion in FY 2012. In addition, federal funding in the FY 2012 State budget is contingent on passage of this bill. Medicaid expenditures will be offset by savings from a reduction in unintended pregnancies and births. The amount of these savings cannot be reliably estimated and therefore is not reflected below but is anticipated to be significant. Future years reflect annualization and inflation.

(\$ in millions)	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
FF Revenue	\$4.2	\$8.8	\$9.4	\$10.0	\$10.7
GF Expenditure	\$1.2	\$2.4	\$2.6	\$2.7	\$2.9
FF Expenditure	\$4.2	\$8.8	\$9.4	\$10.0	\$10.7
Net Effect	(\$1.2)	(\$2.4)	(\$2.6)	(\$2.7)	(\$2.9)

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

Local Effect: Local health departments will be able to serve new clients through the Title X Family Planning Program to the extent individuals currently served under that program are found eligible for Medicaid family planning services.

Small Business Effect: Potential meaningful. Provider reimbursement for family planning services may increase with expanded access to family planning services.

Analysis

Current Law/Background: Eligibility for family planning services under Medicaid (and the Primary Adult Care Program) is limited to women with incomes up to 116% FPG. Women with incomes up to 200% FPG may retain family planning coverage for five years following a birth paid for by Medicaid. This population must complete an active annual redetermination of benefits to retain coverage. Approximately 12,000 women are enrolled in the Medicaid Family Planning Program.

DHMH's Family Health Administration provides family planning services through the Title X Family Planning Services Program. This program provides free or sliding scale fee-for-service family planning services to women who are ineligible for Medicaid family planning services through local health departments, Planned Parenthood clinics, and other outpatient units. The Governor's proposed fiscal 2012 budget includes a total of \$12.5 million (\$7.9 million in general funds and \$4.6 million in federal funds) for the program, which serves approximately 79,000 Maryland women at more than 60 clinics.

Typically, family planning services provide pelvic exams; screenings for breast and reproductive cancer, high blood pressure, and diabetes; tests for sexually transmitted diseases; and where appropriate, counseling and prescriptions for contraception.

Expanding access to family planning services has proven to be cost-effective. According to a federally funded evaluation of state Medicaid family planning expansions completed in 2003, all of the programs studied yielded significant savings to the federal and state governments. States as diverse as Alabama, Arkansas, California, Oregon, and South Carolina each saved more than \$15 million in a single year by helping women avoid unintended pregnancies that would have resulted in Medicaid-funded births.

State Fiscal Effect: DHMH advises that it will begin to reprogram its Medicaid Management Information System (MMIS) computer system and hire and begin training eligibility workers upon the bill's October 1, 2011 effective date and that expanded service delivery will begin January 1, 2012. DHMH indicates that general funds currently used for other family planning programs under the department will be made available to fund Medicaid general fund expenditures associated with the bill in fiscal 2012. In addition, federal funding in the fiscal 2012 State budget is contingent on passage of this bill. Local health departments that may receive reduced grants will instead increase Medicaid billing for those services. Therefore, fiscal 2012 Medicaid expenditures increase by a total of \$5.5 million, which reflects the cost of reprogramming

the MMIS eligibility computer system to add a new coverage group, hiring nine eligibility workers to process and enroll as many as 33,191 eligible individuals, a 177% increase in program enrollment, and six months of family planning service costs. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses. This estimate is based on the following facts and assumptions:

- approximately 53,948 Maryland women ages 19 to 50 are uninsured and have incomes between 116% and 200% FPG;
- as many as 26,974 will be eligible for and enroll in the Medicaid family planning program;
- DHMH will automatically enroll an additional 6,217 women who lose other Medicaid coverage into the program;
- the per enrollee cost for family planning services in fiscal 2012 will be \$301;
- total family planning service costs for the second half of fiscal 2012 will be \$5.0 million;
- an 80% federal matching rate will be provided for family planning service costs; and
- a 50% federal match will be provided for personnel, operating, and computer reprogramming expenses.

DHMH Positions	9
Family Planning Service Costs (80% federal match)	\$4,995,246
Salaries and Fringe Benefits for Eligibility Workers (50% match)	374,972
DHMH Operating Expenses (50% match)	60,068
Reprogramming of MMIS Computer System (50% match)	<u>44,967</u>
Total FY 2012 Expenditures	\$5,475,253
General Funds (22%)	\$1,239,053
Federal Funds (78%)	\$4,236,200

Expansion of family planning services to uninsured women with incomes between 116% and 200% FPG will result in savings to the Medicaid program due to an anticipated reduction in the number of Medicaid births, pregnancy and labor complications, low birth weight babies, infant mortality, and sexually transmitted diseases. The amount of this savings cannot be reliably estimated at this time but is expected to be significant.

For illustrative purposes only, Medicaid pays for approximately 23,000 births annually. The average cost of a Medicaid birth (including prenatal care, delivery, and hospital newborn care) is \$19,000. For every 100 averted births under expanded family planning services, Medicaid could save \$1.9 million in total costs.

A January 2011 Guttmacher Institute estimate notes that expanding eligibility for family planning services to women in Maryland with incomes *up to 250% FPG* has the potential to avert as many as 7,980 unintended pregnancies, 2,650 abortions, and 4,150 Medicaid births annually. General fund savings from those averted births alone could be as much as \$39.5 million.

Furthermore, to the extent that a portion of the 79,000 women currently served under the Title X Family Planning Program are found eligible for Medicaid family planning services, capacity in that program will increase. For example, if 10% or 7,900 women currently served under Title X transition to Medicaid under the bill, 7,900 additional women would be able to receive family planning services in the State.

Future year expenditures reflect (1) full salaries with 4.4% annual increases and 3% employee turnover; (2) 1% annual increases in ongoing operating expenses; (3) 1% annual growth in the number of enrollees; and (4) 5.6% annual medical inflation on the cost of family planning services.

Additional Comments: Exhibit 1 displays 2011 FPG by family size.

Exhibit 1
2011 Federal Poverty Guidelines

<u>Family Size</u>	<u>116% FPG</u>	<u>200% FPG</u>
1	\$12,632	\$21,780
2	17,064	29,420
3	21,495	37,060
4	25,926	44,700
5	30,357	52,340

Additional Information

Prior Introductions: SB 521 of 2010, which would have expanded Medicaid family planning eligibility up to 250% FPG, was heard in the Senate Finance Committee, but no further action was taken on the bill. Its cross file, HB 1358 of 2010, as well as HB 1279 of 2009, were heard in the House Health and Government Operations Committee and were subsequently withdrawn.

Cross File: SB 743 (Senator Pugh) - Finance.

Information Source(s): *Estimating the Impact of Expanding Medicaid Eligibility for Family Planning Services: 2011 Update*, New York: Guttmacher Institute, 2011; Department of Human Resources; Department of Health and Mental Hygiene; Department of Legislative Services

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