

Department of Legislative Services
Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE

Senate Bill 721

(Senator Manno, *et al.*)

Finance

Maryland Medical Assistance Program - Services for Children With Down Syndrome (Micah's Law)

This bill requires the Department of Health and Mental Hygiene (DHMH) to apply to the federal Centers for Medicare and Medicaid Services (CMS) for a home- and community-based services waiver in order to receive federal matching funds for services to children with Down syndrome who are younger than age 22 and who meet an institutional level of care. Services to be provided may include respite services, family training and education, day treatment services, therapeutic integration services, intensive individual support services, therapeutic living services, intensive in-home services, and specialized case management services.

The bill takes effect July 1, 2014.

Fiscal Summary

State Effect: Medicaid expenditures increase by an estimated \$4.6 million (50% general funds, 50% federal funds) in FY 2016 to provide waiver services to specified individuals, assuming a one-year delay to obtain the required waiver. This estimate does not include administrative costs. Federal matching funds increase correspondingly. Application for the waiver can be handled using existing resources. Future years reflect inflation.

(\$ in millions)	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
FF Revenue	\$0	\$2.3	\$2.4	\$2.4	\$2.5
GF Expenditure	\$0	\$2.3	\$2.4	\$2.4	\$2.5
FF Expenditure	\$0	\$2.3	\$2.4	\$2.4	\$2.5
Net Effect	\$0	(\$2.3)	(\$2.4)	(\$2.4)	(\$2.5)

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

Local Effect: None.

Small Business Effect: Minimal. Small business providers of waiver services may serve additional Medicaid clients.

Analysis

Current Law/Background: The Medicaid Home and Community-Based Services waiver program is authorized in § 1915(c) of the federal Social Security Act. The program permits a state to furnish an array of home- and community-based services that assist Medicaid beneficiaries to live in the community and avoid institutionalization.

The Developmental Disabilities Administration (DDA) administers the Community Pathways waiver. Community Pathways provides services and supports to individuals with developmental disabilities, of any age, living in the community. Services include resource coordination, residential habilitation, day habilitation, supported employment, family and individual support services, community-supported living arrangements, assistive technology and adaptive equipment, employment discovery and customization, community learning services, environmental modifications, respite care, transportation, behavioral support services, live-in caregiver rent, medical day care, and transition services. Individuals can receive one or more of these services depending on their specific needs.

Eligibility for Community Pathways is determined based on the applicant's income and assets only and not the income and assets of the family. Individuals are eligible if they have been determined to have *full eligibility* status based on DDA's supports intensity scale (SIS), which measures support needs in the areas of home living, community living, lifelong learning, employment, health and safety, social activities, and protection and advocacy. Individuals who score lower on the SIS may be eligible for support services only, rather than the full package of waiver services. Community Pathways currently serves 9,000 adults and children with developmental disabilities.

The U.S. Centers for Disease Control and Prevention (CDC) define Down syndrome as a condition in which a person has an extra chromosome, which is almost always chromosome 21. The medical term for having an extra chromosome is "trisomy." Some individuals with Down syndrome have one or more major birth defects or other medical problems including hearing loss, obstructive sleep apnea, ear infections, eye diseases, and heart defects. CDC reports that Down syndrome is the most common chromosomal condition diagnosed in the United States. Each year, about 6,000 babies are born with Down syndrome in the United States, which is approximately 1 in every 700 babies.

DHMH reports that, in 2013, 60 babies were born in the State with Down syndrome, and over the last five years, cases of Down syndrome have ranged from 51 to 113 with an

average of 71 per year. DHMH further advises that this is likely an underestimate of the true incidence since it only gets reports from birth hospitals and some children are diagnosed after their birth admission.

State Expenditures: Medicaid expenditures increase by an estimated \$4.6 million in fiscal 2016, which reflects a one-year start-up delay. This estimate reflects the cost to establish a new Medicaid home- and community-based services waiver for children with Down syndrome who are younger than age 22 and meet an institutional care facility for the developmentally disabled, a hospital, or a nursing home level of care. This estimate is based on the following information and assumptions:

- DHMH applies to CMS for a § 1915(c) Medicaid waiver and CMS grants the waiver.
- The waiver process takes one year; thus, provision of waiver services does not begin until July 1, 2015.
- The waiver serves 100 children.
- Eligibility for the waiver is the same as Community Pathways (financial eligibility based on only the child's income and assets with a maximum monthly income of \$2,130 and assets of up to \$2,000).
- The annual per-person cost of waiver enrollees is \$46,066 in fiscal 2016 (based on the fiscal 2012 cost per individual younger than age 22 served in the Community Pathways waiver of \$41,799 adjusted for 2.46% annual inflation).
- Total expenditures for waiver services for 100 children are \$4,606,630 in fiscal 2016.
- Medicaid expenditures are funded with 50% general funds, 50% federal funds.

This estimate does not include any additional administrative costs for the new waiver program. To the extent that some individuals served by the waiver are already eligible for Medicaid but do not qualify for *full eligibility* status based on DDA's SIS, Medicaid expenditures will be less. The cost of waiver services only (excluding other Medicaid services) is estimated at \$28,838 per enrollee in fiscal 2016. Thus, for every waiver enrollee who is already eligible for Medicaid, total waiver expenditures will be \$18,086 less than the estimate annually.

Future years reflect 2.46% inflation in the cost of waiver services.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): U.S. Centers for Disease Control and Prevention, Department of Health and Mental Hygiene, Department of Legislative Services

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mc/ljm

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