HB 1257

Department of Legislative Services

Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE

House Bill 1257 (Delegate Tarrant, *et al.*)
Health and Government Operations

Department of Health and Mental Hygiene - Community Health Workers - Certification and Reimbursement

This bill requires the Department of Health and Mental Hygiene (DHMH) and the Maryland Insurance Administration (MIA) to establish a stakeholder workgroup on workforce development for community health workers (CHWs). The workgroup must report its findings and recommendations by December 1, 2014. By January 1, 2015, DHMH must adopt regulations that establish (1) criteria for certifying CHWs as nonclinical health care providers and (2) Medicaid reimbursement and payment policies for CHWs.

The bill takes effect June 1, 2014.

Fiscal Summary

State Effect: General fund expenditures for DHMH increase by $9,900 in FY 2014 and $71,600 in FY 2015 to hire one program administrator to support the workgroup, prepare regulations, and implement a certification program. Any additional workload on MIA can be absorbed within existing budgeted resources. Once the certification program is in place, general fund expenditures increase by $139,900 in FY 2016 for additional personnel. Medicaid expenditures (50% general funds, 50% federal funds) increase beginning in FY 2016 to provide reimbursement to CHWs. The exact impact cannot be reliably estimated but could be significant. Federal funds revenues increase accordingly.

(in dollars)	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
FF Revenue	$0	$0	-	-	-
GF Expenditure	$9,900	$71,600	$139,900	$146,500	$153,500
FF Expenditure	$0	$0	-	-	-
Net Effect	($9,900)	($71,600)	(-)	(-)	(-)

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

Local Effect: Local health departments that employ CHWs may incur costs to ensure that CHWs are certified as nonclinical health care providers, but they may also receive reimbursement for services provided by CHWs.

Small Business Effect: Meaningful. Small businesses that employ CHWs may incur costs to ensure that CHWs are certified as nonclinical health care providers, but may also receive reimbursement for services provided by CHWs.

Analysis

Bill Summary: The workgroup must study and make recommendations on (1) the training and credentialing required for CHWs to be certified as nonclinical health care providers and (2) reimbursement and payment policies for CHWs through Medicaid and private insurers. The criteria for certifying CHWs established by regulation must require receipt of a certificate from a CHW curriculum program approved by DHMH or completion of CHW core competencies that include an initial 80 hours of intensive training and 20 combined hours of continued education every two years in specified areas. If applicable, DHMH must seek any approval necessary from the federal Centers for Medicare and Medicaid Services (CMS) to authorize DHMH to reimburse CHWs for providing preventive services.

Current Law: As part of the Health Enterprise Zone (HEZ) initiative under the Maryland Community Health Resources Commission, applicants for designation as an HEZ may submit proposals to use innovative public health strategies to reduce health disparities, including the use of CHWs. CHWs may also qualify for certain tax credits under the HEZ initiative.

Background: The American Public Health Association defines a CHW as a frontline public health worker who is a trusted member of and/or has an unusually close understanding of the community served. This trusting relationship enables CHWs to serve as a liaison/link/intermediary between health/social services and the community to facilitate access to services and improve the quality and cultural competence of service delivery. A CHW also builds individual and community capacity by increasing health knowledge and self-sufficiency through a range of activities such as outreach, community education, informal counseling, social support, and advocacy.

Under the federal Patient Protection and Affordable Care Act (ACA), the U.S. Centers for Disease Control and Prevention must award grants to public or nonprofit private entities to promote positive health behaviors and outcomes for populations in medically underserved communities through the use of CHWs.

As of December 31, 2012, 15 states and the District of Columbia had laws addressing CHW infrastructure, professional identity, workforce development, or financing. Five states have workforce development laws that create a certification process or require CHWs to be certified. No state requires CHW coverage by private insurers.

Seven states authorize Medicaid reimbursement for some CHW services. Effective January 1, 2014, CMS issued a new rule that allows state Medicaid agencies to reimburse for preventive services provided by professionals that may fall outside of a state's clinical licensure system, as long as the services have been initially recommended by a licensed practitioner. Examples of preventive services covered by other state Medicaid programs include home visiting; services to pediatric asthma patients, including interventions to mitigate environmental triggers of asthma; and mental health screening for parents of children enrolled in the Early and Periodic Screening, Diagnosis, and Treatment Program as improved parental mental health is associated with better health outcomes for children.

DHMH's Health Systems and Infrastructure Administration (HSIA) is currently studying the role of CHWs as part of health care reform in Maryland. These efforts broadly include literature reviews, identifying existing best practices, key informant interviews, stakeholder meetings, elements of successful training programs, elements of successful programs in clinical and community settings, and diverse mechanisms for reimbursement. The existing staff person performing this research is a part-time contractual employee funded by a federal grant that is ending.

State Expenditures: DHMH general fund expenditures increase by $9,936 in fiscal 2014, which accounts for the bill's June 1, 2014 effective date. This estimate reflects the cost of hiring one full-time program administrator to coordinate the stakeholder workgroup, write the workgroup's report, and adopt regulations that establish (1) criteria for certifying CHWs and (2) Medicaid reimbursement and payment policies for CHWs. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

	FY 2014	**FY 2015**	**FY 2016**
New Position	1		1
Salaries and Fringe Benefits	$5,520	$71,046	$138,761
One-time Start-up Costs	4,370	-	4,370
Ongoing Operating Expenses	46	586	1,183
Total State Expenditures	**$9,936**	**$71,632**	**$139,944**

Fiscal 2015 reflects a full salary with annual increases and employee turnover as well as annual increases in ongoing operating expenses. In fiscal 2016, as the required certification program is fully implemented, an additional program analyst position is added to assist with the certification process. Future year expenditures reflect full

salaries with annual increases and employee turnover as well as annual increases in ongoing operating expenses.

The bill requires DHMH to adopt regulations that establish Medicaid reimbursement and payment policies for CHWs by January 1, 2015. In order to reimburse CHWs for the provision of preventive services, DHMH must submit a State Plan Amendment (SPA) to CMS describing the provider qualifications for CHWs, including the criteria to be determined by the workgroup for certifying CHWs as nonclinical health care providers, and Medicaid's proposed reimbursement methodology.

Assuming CMS approves the SPA, Medicaid expenditures (50% general funds, 50% federal funds) increase by a potentially significant amount beginning in fiscal 2016. Federal matching fund revenues increase accordingly. As the bill does not specify which types of CHWs would need to be certified and/or reimbursed for services or which preventive services would be covered, actual expenditures cannot be reliably estimated at this time. DHMH advises that, given the wide variety of individuals who could be classified as CHWs, as well as the broad range of services that could be classified as preventive, the fiscal impact on Medicaid could be significant.

Additional Comments: HB 856/SB 1065 of 2014 would establish a Task Force on Community Health Workers to develop standardized training and practice standards, conduct a statewide study, and develop recommendations for a sustainable CHW program in the State, reimbursement of CHWs, and certification standards.

Additional Information

Prior Introductions: None.

Cross File: SB 592 (Senator Jones-Rodwell) - Finance.

Information Source(s): National Center for Chronic Disease Prevention and Health Promotion, Department of Health and Mental Hygiene, Department of Legislative Services

Fiscal Note History: First Reader - February 21, 2014
ncs/ljm

Analysis by: Jennifer B. Chasse

Direct Inquiries to:
(410) 946-5510
(301) 970-5510