SB 471

Department of Legislative Services

Maryland General Assembly
2015 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 471 (Senator Nathan-Pulliam, *et al.*)

Finance Health and Government Operations

Task Force to Study the Provision of Health Care Coverage to Uninsured Marylanders

This bill establishes the Task Force to Study the Provision of Health Care Coverage to Uninsured Marylanders to study the availability of health care coverage and make recommendations on extending coverage to all State residents. The task force must submit an interim report by January 1, 2016, and a final report by January 1, 2017, to specified committees of the General Assembly. The Maryland Health Benefit Exchange (MHBE) must provide staff for the task force.

The bill takes effect July 1, 2015, and terminates June 30, 2017.

Fiscal Summary

State Effect: General fund expenditures for MHBE increase by as much as $471,300 in FY 2016 and $44,300 in FY 2017 to staff the task force, complete assessments and analyses, and submit the required reports. Participation in the task force increases expenditures for other State entities by a minimal amount and requires resources to be redirected from other activities. Revenues are not affected.

(in dollars)	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Revenues	$0	$0	$0	$0	$0
GF Expenditure	471,300	44,300	0	0	0
Net Effect	($471,300)	($44,300)	$0	$0	$0

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The 21-member task force includes 2 members of the Senate and 3 members of the House of Delegates. The President of the Senate and the Speaker of the House must designate the chair of the task force, as well as 12 specified members of the task force. A member of the task force may not receive compensation but is entitled to reimbursement for standard travel expenses.

The task force must (1) identify the categories of Maryland residents who are excluded from health care coverage under the federal Patient Protection and Affordable Care Act (ACA) and without health care coverage; (2) assess the effect of the exclusion from coverage on the health care industry; (3) examine State and local policies needed to address the exclusion from coverage; (4) examine barriers to access to health care services by uninsured categories; (5) compare, by service category, the volume and cost of uncompensated or undercompensated services provided to uninsured Maryland residents and determine who is bearing such costs; (6) compare the cost of providing coverage to uninsured Maryland residents to the cost of health care currently provided to uninsured residents by county; (7) examine federal, State, and local models or proposals for providing health care to the uninsured; (8) examine potential cost savings realized through the provision of preventive health care to uninsured residents of the State; (9) determine how health financing mechanisms in the State may be modified to expand coverage to uninsured residents; (10) determine the contributions that uninsured Maryland residents who are ineligible for health care coverage make to the State's economy; (11) determine potential sources of funding for expanding coverage; (12) collect case studies on the impact of the lack of coverage on Maryland residents; (13) study and make recommendations regarding policy mechanisms to expand coverage to each category of uninsured Maryland residents; and (14) make recommendations regarding the costs and benefits to the State and the health care industry of expanding coverage to all Maryland residents.

Current Law: ACA was enacted in 2010 to expand health care coverage, control health care costs, and improve the health care delivery system. Major features of the law include individual and employer mandates, expansion of Medicaid eligibility, creation of health benefit exchanges, premium and cost-sharing subsidies, and various changes to private insurance intended to make it easier to obtain insurance and protect patients.

Under ACA, Medicaid eligibility in Maryland covers almost all adults with incomes at or below 138% of federal poverty guidelines (FPG). As before ACA, undocumented immigrants are ineligible for Medicaid. In most cases, a noncitizen must be a qualified alien in order to receive Medicaid coverage. Most qualified aliens must be lawfully present for five years before they are Medicaid-eligible (with a limited number of humanitarian exceptions). Most nonqualified aliens and qualified aliens who have not yet met the

five-year bar are eligible for emergency medical services only. Lawfully residing pregnant women and children (both qualified and nonqualified) are eligible for Medicaid and are not subject to the five-year bar.

Also under ACA, individuals with incomes between 138% and 400% FPG can purchase a qualified health plan (QHP) and may be eligible for federal premium tax credits through MHBE. The amount of the tax credit is based on income and the cost of insurance. Tax credits are only available to people who are not eligible for other coverage (*i.e.*, Medicaid, Medicare, or employer-sponsored coverage) and who are citizens or lawfully present immigrants. Citizens and lawfully present immigrants with incomes greater than 400% FPG can purchase a QHP through MHBE with no subsidy.

Background: According to the 2014 Gallup-Healthways Well-Being Index, Maryland is among the states that saw the biggest change in its uninsured rate between 2013 and 2014; about 7.8% of Marylanders were uninsured in 2014, compared to 12.9% in 2013.

Prior to implementation of ACA, the Kaiser Family Foundation (KFF) estimated eligibility for coverage as of 2014 for the then estimated 756,000 uninsured Maryland residents. KFF projected that 40% of the uninsured would likely gain coverage under Medicaid, 20% would likely be eligible for federal tax credits, and 23% would be eligible to purchase unsubsidized coverage through MHBE or could obtain employer-sponsored coverage. The remaining 17% of uninsured Marylanders in 2014 (128,500 individuals) were estimated to be undocumented immigrants who would continue to be ineligible for Medicaid and would not be eligible to receive tax credits or purchase coverage through MHBE. KFF noted that this group is "likely to remain uninsured, though they will still have a need for health care services."

Several models seek to address lack of access to coverage for undocumented immigrants. The task force is directed to examine such models or proposals, which include:

- *California Health for All Act*: Legislation has been introduced in California that would extend eligibility for Medicaid to low-income undocumented immigrants and allow undocumented immigrants to purchase QHPs on a newly created California Health Benefit Exchange Program for All Californians.
- *DC Healthcare Alliance Program:* The DC HealthCare Alliance program is designed to provide Medicaid to needy DC residents who are not eligible for federally financed Medicaid benefits. This includes qualified aliens who do not meet the immigration requirements needed to be eligible for Medicaid and nonqualified aliens.
- *Children's Health Insurance Program Unborn Child Option:* Under this option, states can use federal Children's Health Insurance Program funds to provide

prenatal care to pregnant women regardless of their immigration status as they are technically covering the "unborn child" who has no immigration status.

- *Montgomery Cares Program:* Montgomery Cares is a group of community-based health care providers that serve uninsured adults regardless of immigration status. To be eligible, an individual must be age 18 or older, be uninsured, have an income at or below 250% FPG, and reside in Montgomery County.

State Expenditures: MHBE general fund expenditures increase by as much as $471,290 in fiscal 2016 to staff the task force, procure assessments and analyses, and submit the required interim report, which accounts for the bill's July 1, 2015 effective date. This estimate reflects the cost of MHBE personnel to staff the task force and write and submit the interim report ($43,000); contractual expenses for required assessments and analyses ($427,000); and meeting room rental space for an estimated six task force meetings ($1,290). As MHBE does not have sufficient staff or expertise to perform many of the required duties, contractual services will be required. MHBE notes that the $427,000 estimate is based on preliminary discussions with contractors and reflects (1) $180,000 for uninsured estimates and studies; (2) $180,000 for cost estimates, including determining the contributions that certain uninsured residents make to the State's economy; and (3) $67,000 for uncompensated care estimates.

The Department of Legislative Services advises that, to the extent that information and analyses required under the bill can be obtained from existing sources, including previously published research or organizations and providers participating on the task force, expenditures for the task force are significantly reduced.

In fiscal 2017, MHBE general fund expenditures increase by $44,290 for MHBE personnel time to staff the task force and write and submit the final report ($43,000) and meeting room rental space for an estimated six task force meetings ($1,290). The task force terminates June 30, 2017.

MHBE is special funded through a dedicated funding stream from the premium tax on health insurers. Premium tax revenues received by the MHBE Fund may *only* be used for funding the operation and administration of MHBE. Expenditures from the fund may be made only with an appropriation approved by the General Assembly in the State budget or by budget amendment. Therefore, a general fund appropriation is required to fund the task force under current law.

Participation on the task force also increases expenditures for other State entities with membership (specifically the Department of Health and Mental Hygiene) by a minimal amount and requires resources to be redirected from other activities.

Additional Information

Prior Introductions: None.

Cross File: HB 949 (Delegate Kelly, *et al.*) - Health and Government Operations.

Information Source(s): CASA, Kaiser Family Foundation, 2014 Gallup-Healthways Well-Being Index, Maryland Insurance Administration, Maryland Health Benefit Exchange, Department of Health and Mental Hygiene, Department of Legislative Services

Fiscal Note History:	First Reader - March 11, 2015
mel/ljm	Revised - Senate Third Reader/Updated Information - April 1, 2015

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