

Department of Legislative Services
 Maryland General Assembly
 2016 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 511

(Delegate Cullison, *et al.*)

Health and Government Operations

Finance

**Maryland Medical Assistance Program - Former Foster Care Adolescents -
 Dental Care**

This bill authorizes Medicaid, subject to the limitations of the State budget, to provide dental care for former foster care adolescents who were in foster care in Maryland on their eighteenth birthday. By October 1, 2016, the Department of Health and Mental Hygiene (DHMH) must apply to the federal Centers for Medicare and Medicaid Services (CMS) for a waiver to provide these services.

The bill takes effect July 1, 2016.

Fiscal Summary

State Effect: If DHMH obtains a waiver from CMS, Medicaid expenditures increase by \$173,000 in FY 2017 (50% general funds, 50% federal funds) to provide full dental benefits to former foster care individuals ages 21 through 25. This estimate assumes provision of services begins April 1, 2017, as discussed below. If DHMH does not obtain a waiver, federal matching funds are not available and 100% general fund expenditures are required. Future years reflect growth in enrollment, utilization, inflation, and annualization.

(in dollars)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
FF Revenue	\$86,500	\$385,900	\$427,200	\$470,000	\$514,400
GF Expenditure	\$86,500	\$385,900	\$427,200	\$470,000	\$514,400
FF Expenditure	\$86,500	\$385,900	\$427,200	\$470,000	\$514,400
Net Effect	(\$86,500)	(\$385,900)	(\$427,200)	(\$470,000)	(\$514,400)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law/Background: Medicaid is required, subject to the limitations of the State budget and as permitted by federal law, to provide comprehensive medical care and other health care services for former foster care adolescents who, on their eighteenth birthday, were in foster care in Maryland. These services are optional for former foster care youth who, on their eighteenth birthday, were in foster care in another state or the District of Columbia.

Chapter 159 of 2013 expanded Medicaid eligibility, effective January 1, 2014, to former foster care individuals up to age 26. Former foster care individuals are eligible for Medicaid regardless of their income at any time up to age 26. Former foster care adolescents are eligible for dental services as an Early and Periodic Screening, Diagnostic, and Treatment benefit until they turn 21. Dental benefits are not covered from age 21 through 25.

Dental coverage for children in Medicaid and the Maryland Children's Health Program is mandatory. However, dental coverage for adults is an optional service. Maryland Medicaid covers medically necessary dental services for individuals younger than age 21, pregnant women, and individuals age 21 and older in the Rare and Expensive Case Management program. These dental services are provided as a HealthChoice carve-out through an administrative services organization model. Although not required to be provided (and not included in rates), each of the HealthChoice managed care organizations voluntarily provides a limited adult dental benefit.

Extending full dental services exclusively to former foster care youth is not permitted under Medicaid without a waiver from CMS. Enhanced benefits may only be targeted toward children or pregnant women.

State Fiscal Effect: DHMH must apply to CMS for a waiver by October 1, 2016. Assuming DHMH obtains the waiver and the approval process takes six months, provision of dental services begins April 1, 2017. Thus, Medicaid expenditures increase by \$172,982 (50% general funds, 50% federal funds) in fiscal 2017. This estimate reflects the cost to provide full dental benefits to former foster care individuals ages 21 through 25 for the final quarter of fiscal 2017 (April 1, 2017, through June 30, 2017). The information and assumptions used in calculating the estimate are stated below:

- 2,375 former foster care individuals ages 21 through 25 were enrolled in Medicaid in calendar 2015;

- enrollment of former foster care individuals is anticipated to increase by a net of 245 individuals annually (which reflects both aging in and aging out as well as increased enrollment by individuals who are already eligible but not yet enrolled – equal to 25% of the total number of foster care adolescents enrolled in Medicaid on their eighteenth birthday in 2015);
- the average per member per month cost to provide full dental benefits to former foster care individuals is \$22.01 (including an administrative charge of \$0.39 per member per month charged by the dental benefits manager);
- 2,620 former foster care individuals receive full dental benefits in fiscal 2017 at a cost of \$264.12 per enrollee (if provided for the full year);
- if provided for the full year, total costs to provide dental services would increase by \$691,928 in fiscal 2017; and
- assuming the waiver is not approved until April 1, 2017, benefits are not provided before that date and Medicaid expenditures increase by \$172,982 (reflecting the final quarter of fiscal 2017 only) and are paid with 50% general funds and 50% federal funds.

If DHMH *does not* obtain a waiver from CMS, 50% federal matching funds will not be available, thereby requiring 100% general fund expenditures ranging from \$172,982 in fiscal 2017 to \$1,028,854 in fiscal 2021.

Future years reflect continued annual enrollment growth and a 2% increase in the cost of dental services to account for utilization and inflation growth.

Additional Information

Prior Introductions: HB 858 of 2015, a similar bill, was heard by the House Health and Government Operations Committee but later withdrawn. SB 141 of 2015 (a nonidentical cross file and another similar bill) was heard by the Senate Finance Committee but later withdrawn.

Cross File: SB 252 (Senator Pugh, *et al.*) - Finance.

Information Source(s): Department of Health and Mental Hygiene, Department of Legislative Services

Fiscal Note History: First Reader - February 1, 2016
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Analysis by: Jennifer B. Chasse

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