

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 1280

(Delegate Korman)

Health and Government Operations

Finance

Maryland Department of Health – Enrollees in the Employed Individuals with Disabilities Program – Demonstration Program

This bill requires the Maryland Department of Health (MDH) to establish a demonstration program to cover health care services not covered by Medicaid that are provided to individuals who (1) are 21 to 64 years of age; (2) are enrolled in the Employed Individuals with Disabilities (EID) Program; and (3) have a qualifying condition as determined by the Secretary of Health. The program must be supported by State general funds. MDH may establish criteria for eligibility, covered services, and administration of the program, as well as a cap on program enrollment. By December 1, 2020, MDH must submit a report to the Governor and specified committees of the General Assembly on the program. **The bill takes effect June 1, 2018, and terminates May 31, 2021.**

Fiscal Summary

State Effect: No likely effect in FY 2019. General fund expenditures increase by a potentially significant amount in FY 2019 through 2021, as discussed below. Revenues are not affected.

Local Effect: None.

Small Business Effect: Potential meaningful.

Analysis

Current Law/Background: EID is a work incentive that provides Medicaid coverage to working Marylanders with disabilities by supplementing private insurance and eliminating out-of-pocket costs for people who also have Medicare. The program charges monthly premiums on a sliding scale ranging from \$0 to \$55 per month. EID only requires that an

enrollee work for pay (there is no minimum number of hours required) and pay taxes on any wages earned. There is no cap on enrollment in the EID program.

Individuals enrolled in EID do not qualify for HealthChoice and, therefore, are not eligible for certain services such as case management and subspecialty care (including private-duty nursing services) provided under the Medicaid Rare and Expensive Case Management (REM) program. As of June 2017, there were 881 individuals enrolled in EID ages 21 to 64, of whom 12% (106) had a qualifying REM diagnosis.

State Fiscal Effect: MDH can establish criteria for eligibility, services to be covered, and administration of the demonstration program, as well as submit the required report using existing budgeted resources. However, MDH general fund expenditures increase by a potentially significant amount in fiscal 2019 through 2021 to pay for health care services not covered under Medicaid for individuals enrolled in the demonstration program. Actual expenditures depend on the eligibility and covered services criteria established by MDH, any cap on the number of individuals enrolled in the program, and the individual needs of enrolled individuals.

For illustrative purposes only, the average annual cost of private-duty nursing services per individual enrolled in REM is \$132,521, based on an hourly rate of \$31.32 and 82 hours of services per week. Some individuals may require private-duty nursing 24 hours per day, seven days per week for an annual cost of \$273,612 per person. To the extent that all 106 individuals enrolled in EID with a REM diagnosis receive private-duty nursing services at the average annual cost, general fund expenditures could increase by \$14.0 million annually.

Small Business Effect: Small business health care providers, including private-duty nursing providers, benefit under the bill; however, the magnitude of such benefit depends on the number of individuals served under the demonstration program and the specific services covered.

Additional Information

Prior Introductions: None.

Cross File: SB 660 (Senator Lee, *et al.*) - Finance.

Information Source(s): Maryland Department of Health; Department of Legislative Services

Fiscal Note History:
md/ljm

First Reader - March 4, 2018

Revised - Updated Information - March 13, 2018

Third Reader - April 9, 2018

Revised - Amendment(s) - April 9, 2018

Analysis by: Jennifer B. Chasse

Direct Inquiries to:

(410) 946-5510

(301) 970-5510