

Department of Legislative Services
 Maryland General Assembly
 2018 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 1312 (Delegate Kelly, *et al.*)
 Health and Government Operations

Health Insurance - Medicaid Buy-In Task Force

This bill establishes a Medicaid Buy-In Task Force to make recommendations regarding the feasibility of a Medicaid buy-in program and submit specified reports to the Governor and the General Assembly. The Department of Legislative Services (DLS) must provide staff for the task force and may consult with staff from other specified State agencies. The Secretary of Health may seek and obtain grant funding to support the task force. A member of the task force is not entitled to compensation but may receive reimbursement for expenses under standard State travel regulations, as provided in the State budget. **The bill takes effect July 1, 2018, and terminates December 31, 2019.**

Fiscal Summary

State Effect: General fund expenditures increase by \$100,000 in FY 2019 only, as discussed below. To the extent the Secretary of Health obtains grant funding, Maryland Department of Health (MDH) special and/or federal fund revenues and expenditures may increase in FY 2019 and may offset general fund expenditures.

(in dollars)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
SF/FF Rev.	-	\$0	\$0	\$0	\$0
GF Expenditure	\$100,000	\$0	\$0	\$0	\$0
SF/FF Exp.	-	\$0	\$0	\$0	\$0
Net Effect	(\$100,000)	\$0	\$0	\$0	\$0

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The task force must study and make recommendations on (1) the benefits and consequences of a Medicaid buy-in program; (2) the circumstances under which the State should consider such a program; (3) eligibility criteria; (4) general parameters for a coverage package; (5) a financial structure; (6) the structure of a risk pool and the consequences of combining the buy-in risk pool with Medicaid; (7) an administrative structure; (8) an evaluation of whether a Medicaid waiver would be required to implement any task force recommendations; and (9) any other buy-in options that should be considered.

The task force must submit its findings and recommendations to the Governor and the General Assembly by December 15, 2018, and may report any follow-up recommendations to the Governor and the General Assembly by December 15, 2019.

Current Law/Background: Medicaid eligibility is generally limited to children, pregnant women, elderly or disabled individuals, low-income parents, and childless adults. To qualify for benefits, applicants must pass certain income and asset tests. Effective January 1, 2014, Medicaid coverage was expanded to persons with household incomes up to 138% of federal poverty guidelines, as authorized under the federal Patient Protection and Affordable Care Act.

Medicaid funds a broad range of services. The federal government mandates that the State provide nursing facility services; hospital inpatient and outpatient services; x-ray and laboratory services; early and periodic screening, diagnosis, and treatment services for children; family planning services; transportation services; physician care; federally qualified health center and rural health clinic services; and some nurse practitioner services. The federal government also allows optional services that Maryland provides, including include vision care, podiatric care, pharmacy, medical supplies and equipment, intermediate-care facilities for the developmentally disabled, and institutional care for people over age 65 with mental diseases.

A Medicaid buy-in program makes a Medicaid benefit (likely different from the regular Medicaid benefit package to make buy-in more affordable) available to individuals with incomes above current Medicaid eligibility levels. A Medicaid buy-in option can be offered as a “public option” on the exchange or by allowing individuals to buy directly into the Medicaid program. Coverage can be offered either with or without subsidies. However, if a state chooses to provide subsidies, a federal Section 1332 waiver or Basic Health Program state plan amendment are required.

State Fiscal Effect: DLS can provide staff to the task force and submit the required reports with existing resources. Other State agencies can also likely provide consultation and

expense reimbursement for members with existing resources. However, contractual actuarial services are required to assist the task force in making recommendations regarding a financial structure for the program, the structure of a risk pool, and the potential consequences of combining the buy-in risk pool with Medicaid. Based on similar actuarial contracts, and given the December 15, 2018 report deadline, DLS estimates that general fund expenditures increase by \$100,000 in fiscal 2019 only. As the task force is permitted but not required to submit a second report on any follow-up recommendations by December 15, 2019, no additional expenditures are anticipated in fiscal 2020.

To the extent MDH obtains grant funding for the task force as permitted under the bill, MDH special and/or federal fund revenues and expenditures increase in fiscal 2019 and may reduce or offset general fund expenditures.

Additional Information

Prior Introductions: None.

Cross File: SB 878 (Senator Feldman) - Finance.

Information Source(s): National Academy for State Health Policy; Maryland Department of Health; Maryland Health Benefit Exchange; Maryland Insurance Administration; Department of Legislative Services

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md/ljm

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