



Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor · Robert R. Neall, Secretary

March 5, 2020

The Honorable Shane E. Pendergrass, Chair
House Health and Government Operations Committee
241 House Office Building Office Building
Annapolis, MD 21401-1991

Re: Letter of Opposition – HB 1163 – Home- and Community-Based Waiver Services – Alterations and Task Force

Dear Chair Pendergrass and Committee Members:

The Maryland Department of Health (Department) respectfully submits this letter of opposition regarding House Bill 1163 (HB 1163), “Home- and Community-Based Waiver Services – Alterations and Task Force”. HB 1163 requires the Department’s Community Options waiver to include not fewer than 7,500 participants. Those determined eligible must receive services within 30 days after eligibility determination. The bill also creates a new Task Force on Home- and Community-Based Waiver Services to make recommendations on modernizing policies, improving community-based models of care and service delivery, and new programs that Medicaid could potentially implement. A report is due from the task force by December 1, 2020.

The total projected cost for SB 642 in FY21 is \$100.6 million, and the annual ongoing cost for FY22 going forward is \$303.8 million. A total of 4,308 individuals are currently enrolled in Community Options. To meet the requirements of HB 1163, an additional 3,192 slots would need to be filled. Filling these slots requires more administrative costs, provision of services, and enhanced staffing. Potential savings realized due to avoided nursing home facility stays will *not* offset increased costs, which increases the risk that Center for Medicare and Medicaid Services requirements for waiver programs will not be met.

As of January 28, 2020, there were 20,869 people on the Home- and Community-Based Options waiver registry. Of those people, 3,846 are already enrolled in and receiving other long-term services and supports. Another 803 people are in a nursing facility and are already eligible to apply for the waiver. Based on experience with the program, only 60% of those invited to apply will submit an application, and only 65% of those who apply are eligible and enroll. To meet the participant requirement, the Department estimated that it would need to receive and process 4911 applications.

Determining eligibility for the waiver requires an assessment of medical eligibility for the initial application and annual ongoing assessments. At a reimbursement of \$482.95 per assessment, the first-year cost of assessing 4,911 registry applicants is \$2.4 million. Ongoing annual cost for the 3,192 participants is \$1.5 million. New enrollments must also be accounted as 5,203 people

added their name to the registry in 2019. The annual projected enrollment growth is 3,382 and does not assume any increases due to aging population or other growth factors. The annual assessment cost for new applicants plus the higher annual enrollment is \$5.6 million.

Participants in the Home- and Community-Based Options Waiver are entitled to both waiver-specific services and Medicaid services generally. As noted in the Department of Legislative Services' Fiscal and Policy Note, the DLS analysis serves as a minimum for expenditures as it only includes the cost of the waiver services. Based on the overall services provided, the average annual cost to Medicaid for a person participating in waiver was \$55,565 in Fiscal Year (FY 2018). Given the rate increases in the last two years, the projected per person cost for FY21 is \$61,255. The total estimated annual service cost for the 3,192 people expected to enroll is \$194.5 million. Assuming average length of stay of six months during FY21 to account for rolling enrollment, The FY21 service cost is \$97.8 million. For FY22, the full annual cost would be anticipated. The annual cost for services will be at least \$103.6 million which does not include any rate or service utilization increases and includes a 6-month length of stay to account for staggered enrollment.

If you have additional questions or need more information, please contact Director of Governmental Affairs, Webster Ye, at (410) 260-3190 or webster.ye@maryland.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read "Robert R. Neall", with a long horizontal flourish extending to the right.

Robert R. Neall
Secretary