



Wes Moore, Governor · Aruna Miller, Lt. Governor · Laura Herrera Scott, M.D., M.P.H., Secretary

March 7, 2023

The Honorable Joseline A. Peña-Melnyk
Chair, House Health and Government Operations Committee
241 House Office Building
Annapolis, MD 21401-1991

RE: HB 1149 – Medicaid Waiver Programs – Waitlist and Registry Reduction (End the Wait Act) – Letter of Information

Dear Chair Peña-Melnyk and Committee Members:

The Maryland Department of Health (MDH) respectfully submits this letter of information for House Bill (HB) 1149 – *Medicaid Waiver Programs – Waitlist and Registry Reduction (End the Wait Act)*. HB 1149 requires MDH to use some of the funding appropriated to the Dedicated Purpose Account for Waiver expansion in the Fiscal Year (FY) 2023 budget bill to hire and retain providers in the following waiver programs:

- The Community Pathways Waiver;
- The Community Supports Waiver;
- The Family Supports Waiver;
- The Brain Injury Waiver;
- The Home and Community–Based Options Waiver (CO Waiver);
- The Medical Day Care Services Waiver;
- The Model Waiver for Medically Fragile Children (Model Waiver); and
- Home and Community-Based Services (HCBS) Waiver for Children with Autism Spectrum Disorder (Autism Waiver).

MDH estimates that implementing HB 1149 and reducing the waitlists, as required by SB 636 (Chapter 464 of the Acts of 2022), will have a fiscal impact of approximately \$1 billion in total funds, with a 50% federal match from Fiscal Year (FY) 2023 through FY 2028. These costs are not incorporated in the FY24 budget; therefore, MDH assumes additional funding will be required to implement HB 1149.

Pursuant to the requirements of SB 636, MDH submitted a report to the General Assembly detailing its plans and the funding required to reduce the waitlists for the majority of its waivers by 50% by FY 2028.¹ The estimated costs noted above have been updated to reflect the 8% increase in providers' reimbursement rates included in the Governor's proposed budget as well as the 4% increase as part of the Minimum Wage Act.² The fiscal estimate to reduce the waitlists are driven by several assumptions:

¹ SB 636 (Chapter 464 of the Acts of 2022) - Waiver Programs - Waitlist and Registry Reduction (End the Wait Act), accessible at [https://dlslibrary.state.md.us/publications/Exec/MDH/HG15-150\(b\)_2022.pdf](https://dlslibrary.state.md.us/publications/Exec/MDH/HG15-150(b)_2022.pdf)

² HB 166/SB 280 Labor and Employment – Payment of Wages – Minimum Wage (Fight for Fifteen) Chs 10 and 11 of 2019 Acts)

- **Service Costs:** Annual service costs will increase each year as enrollment continues to grow. From FY 2024 through FY 2028, the estimated fiscal impact, based on projected enrollment and cost carries from year to year, is \$967 million in total funds.
- **Staffing:** MDH estimates needing to hire a total of 88 additional employees to handle the anticipated volume of applications as a result of waitlist reduction. The estimated staffing cost from FY 2024 through FY 2028, is \$45.8 million in total funds.
- **Administrative Expenditures:** MDH estimates a fiscal impact of \$13.7 million in total funds due to administrative expenditures from FY 2023 through FY 2028. These costs include the development of a tracking system for the Autism Waiver waitlist, an emergency procurement to conduct plan of service reviews, a one-time rate study for the Autism Waiver, and LTSS *Maryland* enhancements for the Model/ Technology waiver.

MDH assumes that the current provider networks may not have the capacity to deliver services to the additional participants for each waiver program. MDH intends to implement additional provider recruitment strategies, which could include organizing provider information fairs to recruit new providers as well as conducting provider surveys to better understand the needs of the provider community and improve retention.

MDH is currently assessing the impact of delaying implementation of some of the components to allow time for recruitment of needed staffing. While costs are not expected to decrease, this may shift certain costs from being realized until the second quarter of FY24 and extending completion of the waitlist reductions through the end of FY 2029.

If you need more information, please contact Megan Peters, Acting Director of Governmental Affairs at megan.peters@maryland.gov or (410) 260-3190.

Sincerely,



Laura Herrera Scott, MD, MPH
Secretary