

Department of Legislative Services
 Maryland General Assembly
 2024 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 619 (Delegate Ruth, *et al.*)
 Health and Government Operations

Public Health - Commission on Universal Health Care

This bill establishes the Commission on Universal Health Care to determine the feasibility of establishing a State universal health care program to provide health benefits to all residents of the State through a single-payer system. The commission must submit (1) by June 1, 2026, an interim report and (2) by October 1, 2027, a final report with its analysis and recommendations. The Maryland Department of Health (MDH) and the Department of Legislative Services (DLS) must jointly provide staff for the commission. **The bill takes effect June 1, 2024, and terminates June 30, 2028.**

Fiscal Summary

State Effect: No effect in FY 2024. MDH general fund expenditures increase by \$251,900 in FY 2025 for contractual staff, as discussed below. Future years reflect annualization and ongoing costs and reflect termination of the positions in FY 2028 following submission of the commission’s final report. DLS can likely assist MDH in staffing the commission using existing budgeted resources, as discussed below. Revenues are not affected.

(in dollars)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	251,900	258,500	269,700	140,700	0
Net Effect	(\$251,900)	(\$258,500)	(\$269,700)	(\$140,700)	\$0

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

Local Effect: Representatives of counties and municipalities can serve on the commission using existing budgeted resources. Revenues are not affected.

Small Business Effect: None.

Analysis

Bill Summary:

Membership

The commission comprises (1) three members of the Senate, appointed by the President of the Senate; (2) three members of the House, appointed by the Speaker of the House; (3) the Secretaries of Health, Budget and Management, Commerce, and Labor (or their designees); (4) the Special Secretary of Small, Minority, and Women Business Affairs (or their designee); (5) the Insurance Commissioner (or their designee); (6) two representatives of public-sector labor unions; (7) two representatives of private-sector labor unions; and (8) 17 members appointed by the Governor, including representatives of local government, business, health care, social support services, and other stakeholders.

A member of the commission may not receive compensation but is entitled to reimbursement for expenses, as provided in the State budget.

Duties

The commission must study how the State may (1) provide comprehensive, affordable, and high-quality publicly financed health care coverage for all residents of the State, as specified, and (2) include a benefit package covering primary care, preventive care, chronic care, acute episodic care, mental health care, reproductive care, and hospital services.

The commission must consider how to (1) incorporate health care equity; (2) reduce health care disparities; and (3) increase health care access, as specified. The commission must consider plans, analyses, programs, and legislation in other states.

The commission must consider and make recommendations on how to contain costs by (1) providing incentives to residents to avoid preventable health conditions and unnecessary emergency room visits and promote personal and public health; (2) establishing innovative payment mechanisms; and (3) reducing unnecessary administrative expenditures.

The commission must make recommendations on (1) fully integrating or aligning Medicaid, Medicare, private insurance, and State, county, and municipal employees into or with a universal health care program; (2) transitioning workers displaced by changes to the health care system; (3) creating an operating structure for a universal health care program; and (4) whether a universal health care program could include dental, vision, hearing, and long-term care benefits.

The commission must develop cost projections for the health care program and recommendations for the amounts necessary to finance a universal health care program.

Current Law: The State provides comprehensive health care coverage through Medicaid and the Maryland Children’s Health Program (MCHP) to eligible individuals. The State also provides comprehensive health care coverage to State employees, retirees, and their dependents through the State Employee and Retiree Health and Welfare Benefits Program.

Medicaid and the Maryland Children’s Health Program

Medicaid generally covers children, pregnant women, elderly or disabled individuals, low-income parents, and childless adults. To qualify for Medicaid, 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 (FPG), as authorized under the federal Patient Protection and Affordable Care Act (ACA). MCHP is Maryland’s name for medical assistance for low-income children. MCHP provides all the same services as Medicaid. A premium of about 2% of family income is typically required of child participants with family incomes above 200% FPG.

The Federal Patient Protection and Affordable Care Act

The ACA requires nongrandfathered health plans to cover 10 essential health benefits, which include items and services in the following categories: (1) ambulatory patient services; (2) emergency services; (3) hospitalization; (4) maternity and newborn care; (5) mental health and substance use disorder services, including behavioral health treatment; (6) prescription drugs; (7) rehabilitative and habilitative services and devices; (8) laboratory services; (9) preventive and wellness services and chronic disease management; and (10) pediatric services, including dental and vision care.

State Expenditures: The bill requires the commission, which is established June 1, 2024, to determine how the State can provide publicly financed health care coverage for all residents of the State. The commission must submit an interim report on its activities by June 1, 2026, and a final report by October 1, 2027. The commission terminates June 30, 2028. The commission must be staffed by MDH and DLS.

MDH advises that, given the complexity of the required work, three contractual health policy analyst positions are required to assist the commission in studying the feasibility of implementing a universal health care program, designing a benefit package, developing cost projections, researching information from other states, and drafting an initial and final report. Thus, MDH general fund expenditures increase by \$251,865 in fiscal 2025, which reflects a 90-day start-up delay from the bill’s June 1, 2024 effective date. This estimate includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Contractual Positions	3.0
Salaries and Fringe Benefits	\$222,495
Operating Expenses	<u>29,370</u>
Total FY 2025 State Personnel Expenditures	\$251,865

Future year expenditures reflect full salaries with annual increases and employee turnover as well as annual increases in ongoing operating expenses. This estimate assumes the three contractual positions terminate December 31, 2027, two months after the deadline for submission of the final report.

This estimate does not include any health insurance costs that could be incurred for specified contractual employees under the State’s implementation of the ACA. The estimate also does not reflect any expense reimbursements for the 33 members of the commission.

DLS can assist MDH in staffing the commission using existing budgeted resources. However, if the research or administrative demands are significant, DLS may require additional general fund expenditures to retain consultants or contractual staff.

Additional Information

Recent Prior Introductions: Similar legislation has been introduced within the last three years. See HB 329 of 2023, SB 493 and HB 610 of 2022, and SB 522 and HB 470 of 2021.

Designated Cross File: None.

Information Source(s): Governor’s Office of Small, Minority, and Women Business Affairs; Department of Commerce; Department of Budget and Management; Maryland Department of Health; Maryland Department of Labor; Maryland Insurance Administration; Maryland Association of Counties; Maryland Municipal League; Department of Legislative Services

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