

**Department of Fiscal Services**  
Maryland General Assembly

**FISCAL NOTE**

House Bill 1046 (Delegate Hurson)  
Environmental Matters

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**Maryland Medical Assistance Program - Managed Care Plans -  
Provision of Services**

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This bill requires managed care plans with Medicaid enrollees to provide health care services to Medicaid enrollees for at least one year, regardless of any subsequent finding of ineligibility for program services. It also repeals references in current law to a federal Section 1115 Medicaid waiver and to expanding Medicaid benefits to persons not currently eligible for them.

The bill takes effect July 1, 1996.

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**Fiscal Summary**

**State Effect:** Indeterminate but potentially significant effect on expenditures as discussed below. Revenues would not be affected.

**Local Effect:** None.

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**Fiscal Analysis**

**State Expenditures:** The Department of Health and Mental Hygiene (DHMH) advises that expenditures could increase by an estimated \$55 million in fiscal 1997 to provide Medicaid recipients with benefits for one year to those who might otherwise have lost eligibility at some point during that time period. Medicaid recipients can lose eligibility as a result of periodic redeterminations or a change in family status or income. The estimate reflects (1) the number of recipients who generally have eligibility for fewer than 12 months; and (2) the average costs for those extra months of eligibility. Future year expenditures reflect 9% annual growth in inflation and enrollment.

The Department of Fiscal Services advises that it is unable to verify the accuracy of the

assumptions reflected in DHMH's estimate, since the actual number of recipients affected and average costs for extra months of eligibility were not readily available.

Medicaid expenditures could decrease by an indeterminate but significant amount since the bill's repeal of current law referring to a Medicaid waiver removes an obstacle to DHMH implementation of mandatory managed care. For illustrative purposes, DHMH has developed a mandatory managed care proposal for which the Department of Fiscal Services estimates potential savings of \$23.9 million in fiscal 1997.

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**Information Source(s):** Department of Health and Mental Hygiene (Medical Care Programs Administration), Insurance Administration, Department of Fiscal Services

**Fiscal Note History:** First Reader - February 27, 1996

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