

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE
Revised

Senate Bill 233 (The President, *et al.*)
(Administration)

Finance

Referred to Environmental Matters

Maryland Medical Assistance Program - Expansion of Eligibility for Low and Moderate Income Pregnant Women and Children

This amended Administration bill requires the Maryland Medical Assistance Program to provide medical and health care coverage to children from birth through age three and pregnant women if their family income falls below 250% of the federal poverty level, subject to the limitations of the State budget.

This bill takes effect July 1, 1997.

Fiscal Summary

State Effect: Action by the House and Senate makes the proposed 1998 budget allowance for the Thriving by Three program contingent on passage of HB 506 or SB 233. Senate action on the proposed budget reduced the appropriation to fund health care for uninsured pregnant women and children from \$8.31 million to about \$7.44 million, while the House action maintained the appropriation at \$8.31 million. Fiscal Services anticipates that utilization rates will be lower than projected by the Department of Health and Mental Hygiene (DHMH) and expects actual expenditures for the Thriving by Three population to be approximately \$2.0 million and increased Medicaid expenditures to be about \$5.44 million (combined expenditure of \$7.44 million, of which \$2.72 million is federal funds). Passage of this bill would enable a \$870,000 general fund reduction in FY 1998 relative to the House action on the proposed budget; no reduction relative to the Senate action on the proposed budget.

Local Effect: Local expenditures for health services could decrease by an indeterminate minimal amount. No effect on revenues.

Small Business Effect: A small business impact statement was not provided by the Administration in time for inclusion in this fiscal note. A revised fiscal note will be issued when the Administration's assessment becomes available.

Fiscal Analysis

State Effect: Senate action on the proposed budget includes (1) \$1.7 million (100% general funds) to expand health insurance coverage to the Thriving by Three population; (2) \$300,000 (100% general funds) for administrative and outreach costs for the Thriving by Three program; and (3) \$5.44 million (50% federal funds, or \$2.72 million) for increased enrollment in Maryland Kids Count (MKC) and Pregnant Women and Children (PWC) programs due to the publicity surrounding the Thriving by Three program. House action on the proposed budget includes \$2.57 million to fund health care services for the State-funded only population of pregnant women and children and items 2 and 3 mentioned above.

DHMH estimates that 650 pregnant women and 2,150 children will enroll in the 100% State-funded Thriving by Three program. This is based on estimated utilization rates with the Thriving by Three program of 70% for pregnant women and 55% for children. However, based on the experience of the Kids Count program which has enrolled only 26% of the eligible children three years after implementation, the utilization rate forecasts by DHMH appear overstated. Fiscal Services projects 1,100 fewer women and children will enroll in the program than DHMH's projection, meaning that annual health care expenditures for the State-funded only Thriving by Three population would be about \$1.7 million. The program would also incur administrative and outreach costs of \$300,000, resulting in total expenditures for the Thriving by Three program of \$2.0 million. The estimated combined expenditure in fiscal 1998 is \$7.44 million, which includes an increase in expenditures for the PWC and MKC program of \$5.44 million due to the increased publicity.

The number of uninsured persons in Maryland could decrease as a result of this bill, thereby decreasing the amount of uncompensated care. This could result in reduced expenditures for: (1) the Medicaid program and the State employee health benefit plan due to lower hospital rates; (2) health services funding to local health departments which serve the "grey-area" population (those who have too much income to be eligible for Medicaid but cannot afford health insurance); and (3) the Primary Care for the Medically Indigent program which serves those not eligible for Medicaid. Any such decrease cannot be reliably estimated at this time.

Local Expenditures: Local health expenditures could decrease by an indeterminate but significant amount to the extent that the bill results in fewer uninsured individuals in a jurisdiction.

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

Fiscal Note History: First Reader - February 3, 1997

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