

**Department of Legislative Services**  
 Maryland General Assembly

**FISCAL NOTE**

House Bill 480 (Chairman, Environmental Matters Committee)  
 (Departmental - Health and Mental Hygiene)

Environmental Matters

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**Health - Assistance Programs - AIDS Insurance Assistance Program**

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This departmental bill extends the sunset date of the Maryland AIDS Insurance Assistance Program (MAIAP) within the Department of Health and Mental Hygiene (DHMH) from June 30, 1998 to June 30, 2002. In addition, the bill increases the number of program recipients that may enroll in the program at any one time from 300 to 450. The bill also limits the payment for a program recipient who is also a Medicare beneficiary to the premiums for supplemental Medicare coverage unless DHMH finds that it is more cost-effective for the program to pay for other health insurance coverage.

The bill takes effect July 1, 1998.

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**Fiscal Summary**

**State Effect:** Continuation of the program would maintain net Medicaid savings for the State. The proposed FY 1999 Medicaid budget assumes passage of this bill and, consequently, net Medicaid savings of \$5.1 million in FY 1999, of which \$2.2 million is general fund savings and \$2.9 million is federal fund savings. Medicaid savings increase in future years as a result of raising the cap on enrollment from 300 to 450. Future year savings reflect enrollment growth, a reduction in premium cost for MAIAP, and inflation. No effect on revenues.

(in millions)	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
GF Revenues	\$0	\$0	\$0	\$0	\$0
FF Revenues	0	0	0	0	0
GF Expenditures	(\$2.2)	(\$2.6)	(\$2.9)	(\$3.2)	0
FF Expenditures	(\$2.9)	(\$3.3)	(\$3.7)	(\$4.1)	0
Net Effect	\$5.1	\$5.9	\$6.6	\$7.3	\$0

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

**Local Effect:** None.

**Small Business Effect:** The Department of Health and Mental Hygiene has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

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### Fiscal Analysis

**State Effect:** MAIAP is a State-funded program that was enacted in 1990 to maintain employer-based health insurance coverage for individuals who have tested positive for HIV and can no longer work due to their illness or would not be able to work within three months. Because the State provides assistance in purchasing health insurance coverage for these individuals, it averts the occurrence of them eventually spending down their income and qualifying for the Medicaid program. Consequently, continuation of the program would continue Medicaid savings for the State.

#### Net Savings to the Medicaid Program

Medicaid costs averted because of MAIAP in fiscal 1999: (\$2,919,000 is general funds, \$2,919,000 is federal funds)	\$5,838,000
Premium costs for MAIAP in fiscal 1999: (general funds only)	\$730,800
Net Medicaid savings as a result of continuing MAIAP:	\$5,107,200
Net general fund savings:	\$2,919,000 - \$730,800 = \$2,188,200

As indicated above, assuming passage of this bill, net savings to the Medicaid program in fiscal 1999 is expected to be \$5,107,200, of which \$2,188,200 is general fund savings and \$2,919,000 is federal fund savings. The proposed fiscal 1999 Medicaid budget assumes passage of this bill and includes \$730,800 for MAIAP.

The provision to limit payments for a program recipient who is also a Medicare beneficiary to the premiums for supplemental Medicare coverage merely codifies existing practice.

As a result of increasing the cap on the number of people who can enroll in the program at any one time, future year savings will increase. DHMH estimates that the number of recipients under the program is expected to be 300 in fiscal 1999 and to increase by 44 annually through fiscal 2002. This increase in enrollment is due to recipients remaining in the program longer because new AIDS drug therapies have increased the life-span of certain recipients.

As a result of an increase in enrollment in MAIAP and a reduction in MAIAP monthly premiums to \$175, there would be additional Medicaid savings of \$843,928 in fiscal 2000. Future year Medicaid savings also assume 4% annual Medicaid costs inflation.

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**Information Source(s):** Department of Health and Mental Hygiene (Medical Care Policy Administration); Insurance Administration; Department of Legislative Services

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