

Department of Legislative Services
 Maryland General Assembly
 1999 Session

FISCAL NOTE

House Bill 370 (Delegate Montague. *et al.*)

Judiciary

Interstate Compact on Adoption and Medical Assistance

This bill authorizes the Social Services Administration (SSA) of the Department of Human Resources (DHR) to enter into interstate compacts with agencies of other states to ensure the continuity of adoption assistance payments and Medicaid for children whose adoptive parents move to other states or are residents of another state. The bill takes effect July 1, 1999.

Fiscal Summary

State Effect: FY 2000 expenditures would increase by \$3,000 (\$1,500 general funds, \$1,500 federal funds) for the cost of interstate compact membership. Future year expenditures remain constant. Indeterminate effect on Medicaid expenditures. Revenues are not affected.

(in dollars)	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
GF Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditures	1,500	1,500	1,500	1,500	1,500
FF Expenditures	1,500	1,500	1,500	1,500	1,500
Net Effect	(\$3,000)	(\$3,000)	(\$3,000)	(\$3,000)	(\$3,000)

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

Local Effect: The criminal penalty provisions of this bill are not expected to significantly affect local finances or operations.

Small Business Effect: None.

Fiscal Analysis

Bill Summary: A child with special needs who resides in Maryland and is the subject of an adoption assistance agreement with another state is entitled to receive Medicaid in Maryland if (1) the child is eligible for Medicaid in the other state; and (2) the other state reciprocates by providing Medicaid to children with special needs under adoption assistance agreements made by Maryland.

A person who submits a fraudulent claim for reimbursement is guilty of perjury and on conviction is subject to a fine not exceeding \$10,000 or imprisonment not exceeding 2 years or both.

Background: This bill would authorize Maryland's entry into the Interstate Compact on Adoption and Medical Assistance (ICAMA), which currently consists of 36 states. ICAMA was established to ensure the delivery of medical and adoption assistance to children and their adoptive families on an interstate basis by providing for uniformity and consistency of policy and procedures. Continuation of adoption assistance payments is not a problem since the adoption assistance state can easily mail the payments to the child in the new state. Continuing Medicaid is more problematic because the benefits, eligibility, and coverage can vary by state.

Adoption assistance can either be 50% reimbursed with federal funds (Title IV-E) or 100% state-funded, depending on various financial and special needs criteria. Although federal law requires that a residence state confer Medicaid eligibility to "IV-E" children with adoption assistance agreements from other states, there is no mechanism by which this automatically occurs. Further, because federal law does not require that a residence state confer Medicaid eligibility to non-"IV-E" children with adoption assistance agreements from other states, many states do not do so.

State Expenditures: It is difficult to reliably quantify the bill's effect because it merely authorizes DHR to enter into interstate compacts with other states. It is not possible to accurately estimate the number of states with which Maryland will enter into a compact, or the provisions of each compact.

Expenditures would increase annually by \$3,000 for the cost of membership in ICAMA, half of which is reimbursable by federal foster care funds. These federal funds are also available to reimburse expenses associated with administering interstate compacts, which are assumed to be minimal based on the experience of other states. Any new workload to administer the interstate compacts is likely to be offset by savings resulting from more efficient procedures facilitated by establishment of a State compact administrator.

Children with state-funded adoption assistance agreements who move into Maryland from

other states number about the same as Maryland children with state-funded adoption assistance agreements who move to other states - approximately 300. Therefore, the current situation is roughly expenditure neutral. If this balance shifts, general and federal fund expenditures could be affected. It is not possible to reliably predict any shift upwards or downwards in this balance at this time.

By guaranteeing continued adoption assistance, the bill could enhance access to prospective adoptive parents who live in other states or who may move to another state. DHR general and federal fund savings could be realized to the extent that the bill facilitates the adoption of special needs children who, in the absence of adoption subsidies, may not be adopted and languish in foster care. For illustrative purposes, each month of foster care will cost an estimated \$1,277 per child in fiscal 2000, (71% general funds, 29% federal funds) whereas the adoption subsidy will cost \$565 per child per month (71% general funds, 29% federal funds).

The criminal penalty provisions of this bill are not expected to significantly affect State expenditures.

Information Source(s): Department of Health and Mental Hygiene (Medical Care Programs Administration); Department of Human Resources (Social Services Administration); U.S. Department of Health and Human Services, Office of Inspector General, *Interstate Compact on Adoption and Medical Assistance* (June 1996); Interstate Compact on Adoption and Medical Assistance; Department of Legislative Services

Fiscal Note History: First Reader - March 1, 1999

ncs/jr

Analysis by: Sue Friedlander

Direct Inquiries to:

John Rixey, Coordinating Analyst

(410) 946-5510

(301) 970-5510