

Department of Legislative Services
 Maryland General Assembly
 1999 Session

FISCAL NOTE

Senate Bill 678 (Senator Madden)

Finance

Maryland Medical Assistance Program - Managed Care Organizations - Special Needs Children

This bill modifies various Medicaid provisions relating to children with special health care needs.

Fiscal Summary

State Effect: Medicaid expenditures could increase by \$750,000 in FY 2000, of which \$350,000 is general funds and \$350,000 is federal funds. Administrative general fund expenditures are estimated to increase by \$92,000 in FY 2000. The estimates account for the October 1, 1999 effective date. Future year estimates reflect annualization and inflation. No effect on revenues.

(in millions)	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
GF Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditures	\$0.467	\$0.630	\$0.655	\$0.680	\$0.707
FF Expenditures*	\$0.375	\$0.520	\$0.541	\$0.562	\$0.585
Net Effect	(\$0.842)	(\$1.150)	(\$1.196)	(\$1.242)	(\$1.292)

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

* - federal fund expenditures are reimbursed by the federal government

Local Effect: None.

Small Business Effect: Minimal.

Fiscal Analysis

Bill Summary: The bill requires the Department of Health and Mental Hygiene (DHMH) to authorize self-referrals for children with special health care needs for annual diagnostic and evaluation service (DES) visits. The DES visit will be for the purpose of establishing a treatment plan for the child with special health care needs. Providers performing annual DES services must be credentialed by the Children's Medical Services Program within DHMH. In addition, the bill requires that the reimbursement rate for the DES visit be fee-for-service and be determined using a current resource-based relative value scale methodology. The department must collect aggregate data from the annual DES visits.

The bill also requires DHMH to provide funding to community based organizations for outreach to families of children with special health care needs who may be eligible for Medicaid. In addition, the bill specifies that the department must assure that MCOs reimburse special needs providers for case management services on a fee-for-service basis using a resource-based relative value scale methodology or on a capitated basis with appropriate risk-adjustments.

State Expenditures: Expenditures for the Medicaid program could increase by \$750,000 in fiscal 2000, of which \$350,000 is general funds and \$350,000 is federal funds. The estimate accounts for the October 1, 1999 effective date. The cost represents the funding to community based organizations for outreach to families of children with special health care needs. The department intends, through regulations, to require MCOs to reimburse providers on a fee-for-service basis for DES visits and case management services to special needs children. Any additional cost as a result of these requirements would be borne by the MCOs.

The bill also requires the Children's Medical Services program with the Community and Public Health Administration (CPHA) of DHMH to credential providers who will perform the DES visits for special needs children. As a result, administrative expenditures for CPHA would increase by \$92,000 in fiscal 2000, which reflects the October 1, 1999 effective date. The estimate accounts for the cost of hiring two nurse administrators to administer the credentialing process, such as reviewing the qualifications of the applicants. It is unclear from the bill if credentials have to be renewed periodically, or at all. Future year estimates depend on whether the process is ongoing. Should the need for the positions continue over time, future year expenditures reflect: (1) full salaries with 3.5% annual increases and 3% employee turnover; (2) annualization; and (3) 1% annual increases in ongoing operating expenses.

Information Source(s): Department of Health and Mental Hygiene (Medical Care Policy Administration, Community and Public Health Administration), Maryland Insurance Administration, Department of Legislative Services

Fiscal Note History:

First Reader - March 10, 1999

dmm/jr

Analysis by: Lina Walker

Direct Inquiries to:

John Rixey, Coordinating Analyst

(410) 946-5510

(301) 970-5510