

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE

House Bill 551 (Delegates Hubbard and Owings)

Environmental Matters

Maryland Medical Assistance Program - Exempt Hospice Care from Managed Care Coverage

This bill requires the Department of Health and Mental Hygiene (DHMH) to specifically exclude hospice care from the services provided to Medicaid managed care organization (MCO) enrollees. Instead, DHMH must pay hospice programs directly by fee-for-service reimbursement.

Fiscal Summary

State Effect: Potential minimal expenditure increase for the Medicaid program. No effect on revenues.

Local Effect: None.

Small Business Effect: Potential minimal. Hospice organizations that are considered small businesses may receive increased payments for treating Medicaid recipients.

Analysis

Current Law: Hospice care is provided by Medicaid MCOs to enrollees.

Background: Hospice is a special program that cares for a person with a terminal illness after the patient, physician, and family decide that aggressive curative treatment is no longer appropriate. A person with a terminal disease may choose to die at home with the support of family, friends, and caring professionals. Hospice care emphasizes comfort measures and counseling to provide social, spiritual, and physical support to the dying patient and his or her family. A large proportion of hospice care is provided in the patient's home.

State Fiscal Effect: Medicaid currently pays capitated rates to its MCOs to manage patient care. Hospice services are covered by the MCOs; however, the number of enrollees who use hospice services is unknown at this time. The bill requires Medicaid to pay hospice services on a fee-for-service basis. As a result, Medicaid expenditures may increase minimally because fee-for-service reimbursement does not provide the cost-containment measures inherent in managed care.

Medicaid is currently renegotiating MCO capitation rates that will go into effect January 2001. Medicaid expenditures for MCO rates may decrease as a result of carving out the hospice care benefit. Any decrease in rates, however, is expected to be negligible.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Health and Mental Hygiene (Medicaid, Office of Health Care Quality), Maryland Insurance Administration, National Hospice and Palliative Care Organization, Department of Legislative Services

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