

Department of Legislative Services
Maryland General Assembly
2001 Session

FISCAL NOTE
Revised

Senate Bill 638

(Senator Kelley, *et al.*)

Finance

Environmental Matters

Medical Assistance and Children's Health Programs - Care of Newborns

This bill provides that the Department of Health and Mental Hygiene (DHMH), to the extent permitted and subject to the limitations of the State budget, must develop a newborn care program for Medicaid and Children's Health Insurance Program (CHIP) recipients and encourage its utilization. DHMH must ensure that health care providers who furnish medically necessary services to an "eligible newborn" are reimbursed for the services provided. An eligible newborn is a newborn whose mother is enrolled in Medicaid or CHIP on the date of the newborn's birth.

The Medicaid managed care organization (MCO) of a newborn's mother must reimburse a health care provider for the cost of medically necessary services at: (1) the MCO's fee-for-service rate for an in-network provider; and (2) the HealthChoice program fee-for-service rate for an out-of-network provider. The reimbursement provisions continue until the newborn is enrolled in the mother's or sibling's MCO and assigned to a primary care provider.

DHMH must establish a mechanism that facilitates selection of a primary care provider before the birth of a newborn and ensures that an MCO assigns a primary care provider of the mother's choice to her eligible newborn. Each MCO must designate a newborn care coordinator.

In addition, DHMH must develop a prenatal care program for CHIP recipients and encourage its utilization.

The bill takes effect July 1, 2001.

Fiscal Summary

State Effect: Medicaid expenditures (50% federal funds, 50% general funds) could increase by a minimal amount for the newborn care program. No effect on revenues.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Medicaid and CHIP provide prenatal programs for enrollees.

State Fiscal Effect: A Medicaid MCO must bear the cost of services provided to a newborn within the first 60 days after birth if the newborn's mother is enrolled in the MCO. To the extent MCO costs increase and MCOs pass this cost on to the Medicaid program as increased capitation rates, Medicaid expenditures (50% federal, 50% general funds) could increase. Any increase is expected to be negligible.

The CHIP program currently provides a prenatal care program to enrollees. Accordingly, this provision of the bill has no fiscal impact on Medicaid.

Additional Information

Prior Introductions: None.

Cross File: HB 813 (Delegate Cane, *et al.*) – Environmental Matters.

Information Source(s): Department of Health and Mental Hygiene (Medicaid),
Department of Legislative Services

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