

Department of Legislative Services

Maryland General Assembly

2002 Session

FISCAL NOTE

House Bill 911

(Delegate Morhaim)

Environmental Matters

Maryland Medical Assistance Authority

This bill establishes a seven-member Maryland Medical Assistance Authority (MMAA). The bill transfers administrative and operational authority of various medical assistance programs from the Department of Health and Mental Hygiene (DHMH) to MMAA.

Fiscal Summary

State Effect: DHMH expenditures could decrease by an estimated \$3.3 billion in FY 2003 and MMAA expenditures could increase by the same amount. DHMH federal fund expenditures could decrease by \$3.5 million in FY 2003. DHMH general fund expenditures could increase, beginning in FY 2003. MMAA federal fund expenditures could increase beginning in FY 2003. Future year estimates reflect inflation.

(\$ in millions)	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	-	-	-	-	-
FF Expenditure	(3.50)	(3.68)	(3.86)	(4.02)	(4.25)
GF/SF/FF Exp.	0	0	0	0	0
Net Effect	\$3.50	\$3.68	\$3.86	\$4.02	\$4.25

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The bill transfers the Medical Assistance Program (Medicaid), the Maryland Children's Health Program (MCHP), the Maryland Pharmacy Assistance Program (MPAP), the Medbank Program, the Maryland AIDS Insurance Assistance Program (MAIAP), the Maryland Pharmacy Discount Program (MPDP), and the Short-Term Prescription Drug Subsidy Plan to MMAA. DHMH must submit a waiver to the federal Centers of Medicare and Medicaid Services (CMS) by October 1, 2002, seeking authority to transfer oversight of the Medicaid programs to MMAA. All functions, powers, duties, equipment, assets, liabilities, and employees of DHMH's medical assistance programs are transferred to MMAA.

MMAA must report to the Senate Finance Committee and the House Environmental Matters Committee on MMAA's effectiveness in providing comprehensive health care to those citizens eligible to receive medical assistance. MMAA must submit the report one year after the bill takes effect.

The bill's provisions relating to MPDP take effect when Section 13 or Section 14 of Chapter 134 and 135 of 2001 takes effect. The bill takes effect July 1, 2002.

Current Law: DHMH administers the Medicaid program as well as the other medical assistance programs named in the bill.

Background: There are 595 permanent State employees and approximately 110 contractual employees in the Medicaid program.

State Fiscal Effect: Medicaid's budget allowance for fiscal 2003 is \$3,309,469,000. Accordingly, DHMH expenditures would decrease by approximately \$3.3 billion (general, federal, and special funds) and MMAA expenditures would increase by the same amount in fiscal 2003 from the transfer of all medical assistance programs to MMAA.

In addition, DHMH federal fund expenditures for administrative support services would decrease by \$3.5 million in fiscal 2003. DHMH provides administrative support services, such as personnel, accounting, procurement, facilities management, and technology support to all of its administrations, including Medicaid. For the portion of these services that is related to Medicaid, DHMH is permitted to claim matching federal funds. In fiscal 2001, these services amounted to \$3.1 million in federal fund expenditures. DHMH federal fund administrative expenditures are projected at \$3.5 million in fiscal 2003. To the extent DHMH cannot eliminate specific positions that provided Medicaid-related

administrative services, general fund expenditures could increase to supplant lost federal funding.

MMAA would be required to provide the same administrative support services currently provided by DHMH. MMAA would be permitted to claim matching federal funds for these services. To the extent support services are required, federal fund expenditures could increase. There are insufficient data at this time to reliably estimate any increase.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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ncs/jr

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