

**Department of Legislative Services**

Maryland General Assembly

2002 Session

**FISCAL NOTE**

Senate Bill 614

(Senator Hollinger)

Finance

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**Medical Assistance Programs - Long-Term Care - Eligibility Requirements**

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This bill modifies Medicaid eligibility requirements for long term care services.

The bill takes effect July 1, 2002.

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**Fiscal Summary**

**State Effect:** The Department of Health and Mental Hygiene (DHMH) general fund expenditures would increase by a significant amount beginning FY 2003 (in the millions of dollars). No effect on revenues.

**Local Effect:** None.

**Small Business Effect:** None.

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**Analysis**

**Bill Summary:** The bill specifies that an individual is eligible to receive nursing facility services in the Medicaid program if that individual is chronically ill. An individual is chronically ill if: (1) the individual is unable to perform at least two activities of daily living without standby assistance or hands-on assistance from another individual, and has been or will be unable to perform at least two activities of daily living for a period of 90 days due to loss of functional capacity; (2) the individual requires substantial supervision for protection against threats to health and safety due to severe cognitive impairment; or (3) the individual requires nursing facility services, rehabilitative services, or other health-related care and services above the level of room and board.

The bill requires DHMH to permit a physician to certify an individual's eligibility for nursing facility services in the Medicaid program, and a physician or a nurse practitioner to certify an individual's eligibility for participation in Medicaid's Home and Community Based Services Waiver program. DHMH must adopt regulations to carry out the bill's provisions.

The bill also eliminates current financial eligibility criteria for participation in the Home and Community-Based Services waiver. Instead, DHMH, the Department of Human Resources (DHR), and the Maryland Department of Aging (MDoA) must determine eligibility for waiver participation no later than 45 days after the date of application.

**Current Law:** Medicaid medical and financial eligibility for its nursing home, waiver for older adults, and adult medical day care programs are based on federal eligibility criteria for the Medicaid program. State Medicaid eligibility must meet federal guidelines in order to receive federal matching funds for the programs. DHMH contracts with Delmarva Foundation to determine eligibility for these Medicaid programs.

**State Fiscal Effect:** DHMH general fund expenditures could increase by a significant but indeterminate amount in fiscal 2003. Only general funds would be affected by the bill's provisions, because the changes to medical eligibility criteria for Medicaid's Nursing Home Program, Adult Medical Day Care Program, and Home and Community-Based Services Waiver Program for Older Adults make services provided to individuals who qualify under the bill's eligibility criteria ineligible for federal matching funds. In addition, DHMH would be required to set up a parallel eligibility determination for individuals who meet the bill's eligibility standards and not the more stringent federal eligibility criteria.

The bill's changes would lessen current eligibility requirements and permit any physician or nurse practitioner to certify his or her patient as eligible for services. These two factors would permit a significant number of new individuals to be deemed eligible for services.

*For illustrative purposes only*, DHMH general fund expenditures could increase by as much as \$77.4 million in fiscal 2003 based on the following information and assumptions:

- the nursing home program's fiscal 2003 budget allowance is \$810 million, and new enrollment would increase program costs 8% or \$64.8 million;

- the adult medical day care program's fiscal 2003 budget allowance is \$67.6 million, and new enrollment would increase program costs 10%, or \$6.8 million;
- the waiver for older adults program is receiving \$12.6 million to fund 1,000 additional new enrollees; it is estimated the bill's provisions would increase enrollment by an additional 300 enrollees, thus increasing new program costs by 30%, or \$3.8 million; and
- there is a one-time programming cost of \$2 million to modify the systems to accept a parallel eligibility processing.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** HB 1319 (Delegate Hammen) - Environmental Matters.

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

**Fiscal Note History:** First Reader - March 5, 2002  
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