

Department of Legislative Services
 Maryland General Assembly
 2003 Session

FISCAL AND POLICY NOTE

House Bill 770 (Delegates Anderson and Carter)
 Health and Government Operations

**Department of Health and Mental Hygiene - Medical Assistance - Day Care
 Providers**

This bill requires the Department of Health and Mental Hygiene (DHMH) to provide comprehensive medical and other health care services through the Maryland Medical Program (Medicaid) to certain day care providers who have the primary responsibility for operating a family day care home.

The bill takes effect July 1, 2003.

Fiscal Summary

State Effect: General fund expenditures could increase by \$7.1 million in FY 2004 to provide health care services to child care providers and their children who are eligible under this bill and for one-time computer programming and system development costs. Future years reflect 6.8% inflation and a stable number of participants. No effect on revenues.

(\$ in millions)	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	7.1	7.3	7.8	8.3	8.9
Net Effect	(\$7.1)	(\$7.3)	(\$7.8)	(\$8.3)	(\$8.9)

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

Local Effect: None.

Small Business Effect: Meaningful to the extent that family day care providers are considered small businesses.

Analysis

Bill Summary: DHMH must provide these services to day care providers who: (1) are registered by the Department of Human Resources (DHR); (2) have received child care subsidies from the Purchase of Care Program of at least \$1,800 from DHR during six consecutive months before applying to the program; and (3) do not have any other health insurance coverage.

The day care provider and the day care provider's minor children who live with the provider may receive services through the program for six months.

DHMH must reassess the eligibility of day care providers in the fifth month of the benefit period. If the day care provider continues to meet program requirements, the day care provider may continue coverage for another six-month period. If the day care provider does not continue to meet program requirements, coverage under the program will end at the end of the six-month period and the provider may reapply to the program whenever the provider meets the program requirements again.

The Secretary of Health and Mental Hygiene must adopt regulations to implement the program.

Current Law: Family day care is defined as the care given to a child younger than age 13 or to any developmentally disabled person under age 21, in place of parental care for less than 24 hours a day, in a residence other than the child's residence, for which the day care provider is paid.

Background: The Purchase of Care Program provides child care subsidies for Temporary Cash Assistance (TCA) recipients and low-income families who meet eligibility requirements. TCA recipients must be working or enrolled in a public school or a training program, and meet income guidelines. Income guidelines vary by family size. The program is not an entitlement and funding is limited. Priorities for service are: (1) TCA eligible families; (2) families that are working and transitioning off TCA; and (3) families that meet income guidelines and are at risk of going on welfare.

There are 10,305 family day care homes registered with DHR. In 3,270 of these homes the providers care for children who receive child care subsidies.

Medicaid provides comprehensive health care insurance for the indigent. Covered services include in-patient hospital, out-patient hospital, pharmacy, physician, nursing homes, medical day care, personal care, mental health, and substance abuse treatment. Recipients of TCA and federal Supplemental Security Income (SSI) benefits automatically qualify for Medicaid. Low-income pregnant women and children under the

age of 19 also qualify. Program expenses are supported by 50% general funds and 50% federal funds.

The individuals covered by this bill are not categorically eligible for Medicaid. As a result, DHMH would not be able to recoup half of the program's expenses with federal funds.

The Maryland Children's Health Program (MCHP) expands comprehensive health insurance coverage to uninsured low-income children through enrollment in either the Medicaid program or a private health insurance plan. Uninsured children from birth up to age 19 from families with incomes above the Medicaid eligibility limit but who are at or below 300% of the federal poverty level are eligible for MCHP. Funding for this program is 65% federal funds and 35% general funds.

DHMH assumes that 75% of the family child care providers covered by this bill have incomes below 300% of the federal poverty level. As a result, their children would be covered by MCHP.

State Fiscal Effect: General fund expenditures could increase by an estimated \$7,135,625 in fiscal 2004, which accounts for the bill's October 1, 2003 effective date. This estimate includes a \$2 million one-time cost for computer programming and system development for DHMH to create a new coverage group and is based on the following assumptions:

- of the 3,270 child care providers eligible for health care services under this bill, half, or 1,635, will apply for services;
- assuming each child care provider has two children of their own, 205 children would receive health care coverage as well under the bill because 613 of those children are already eligible for MCHP as a result of the parent earning less than 300% of the federal poverty level;
- annual enrollee costs are \$4,000 per adult and \$1,500 per child; and
- none of the individuals receiving health care services under this bill are eligible for federal funds.

Health Care Services	\$5,135,625
One-time System Programming Expenses	<u>2,000,000</u>
Total FY 2004 State Expenditures	\$7,135,625

Future year expenditures reflect: (1) a stable number of individuals covered by this bill receiving services; and (2) 6.7% annual inflation in medical expenses. No effect on revenues.

The Department of Legislative Services assumes that DHR could identify the eligible child care providers and facilitate application for health care services with DHMH within existing DHR resources. DHR already should be able to identify which providers receive \$1,800 or more during six consecutive months in child care subsidies.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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