

Department of Legislative Services

Maryland General Assembly

2003 Session

FISCAL AND POLICY NOTE

Revised

Senate Bill 190

(Chairman, Finance Committee)

(By Request – Departmental – Health and Mental Hygiene)

Finance

Health and Government Operations and Appropriations

Developmentally Disabled Individuals - Medical Assistance and Other Services - Eligibility

This departmental bill requires all Medicaid-eligible developmentally disabled individuals seeking assistance from the Department of Health and Mental Hygiene’s (DHMH) Developmental Disabilities Administration (DDA) to apply for Medicaid benefits for Medicaid-eligible services. Individuals must apply before services begin, if possible, or no later than 30 days after services start. Individuals cannot access services funded by nonmatched State general funds if the same services are available under Medicaid, including the home and community-based waiver program. General funds not matched by federal funds may only be used to provide community-based services for individuals ineligible for Medicaid services or for services not available under Medicaid. It is the General Assembly’s intent that the Governor retain any additional federal funds from increased federal financial participation within DHMH’s budget for programs serving individuals with developmental disabilities. DDA may not use nonmatched general funds for services if federal matching funds are available.

Fiscal Summary

State Effect: Federal fund expenditures could increase by \$196,505 in FY 2004 as Medicaid-eligible developmentally disabled individuals who have not applied for Medicaid do so. General fund expenditures could increase by \$18,000 in FY 2004, which reflects the bill’s October 1, 2003 effective date. Out-years reflect annualization.

(in dollars)	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	18,000	24,000	24,000	24,000	24,000
FF Expenditure	196,505	291,713	291,713	291,713	291,713
Net Effect	(\$214,505)	(\$315,713)	(\$315,713)	(\$315,713)	(\$315,713)

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

Local Effect: None.

Small Business Effect: DHMH has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Analysis

Current Law: DHMH's Developmental Disabilities Administration (DDA) must develop and implement a funding system to distribute State funds to private providers under contract with DDA to provide community-based services to individuals with disabilities.

DDA does not require individuals requesting services to apply for Medicaid at the same time to determine whether DDA could receive matching federal funds.

Background: Medicaid home and community-based waivers allow individuals to receive long-term care services in the community rather than an institutional setting. Maryland is approved to operate six waivers, including one targeted at individuals with developmental disabilities who, with the waiver, can receive Medicaid reimbursement for community-based services.

Medicaid reimburses states for 50% of allowable expenditures to eligible individuals. Since DDA provides some Medicaid recipients with services that are not eligible for Medicaid reimbursement, the administration's federal fund match can vary from the typical even split.

DDA notes that as of June 20, 2002, there were 10,161 developmentally disabled persons eligible to receive services under a Medicaid waiver. However, only 6,759 of these individuals have enrolled in the waiver which allows the State to draw down federal matching funds for services provided. DDA has not determined whether the remaining 3,412 individuals are eligible for Medicaid. As a result, these individuals are receiving services funded entirely by general funds.

While most of the 3,412 individuals are willing to enroll in the Medicaid waiver, approximately 5% of these individuals (171 people) are refusing to access the waiver benefits and thus are denying the State the ability to recover some of its general fund expenses with federal funds.

State Fiscal Effect: DDA federal fund expenditures are expected to increase by \$196,505 and general fund expenditures are expected to increase by \$18,000 in fiscal 2004. This estimate reflects greater participation for developmentally disabled individuals in the Medicaid waiver, a slight increase in Medicaid participation for other health services, and a three-month start-up delay.

DDA estimates that 310 additional individuals will begin receiving developmental disability services in fiscal 2004 and participate in the Medicaid waiver program instead of receiving services funded entirely by general funds. As a result, DDA expects to increase its federal fund expenditures by \$178,505 in fiscal 2004 for services initiated after October 1, 2003. This would supplant an equal amount of general funds, which must remain within DHMH's budget to serve individuals with developmental disabilities. Under the existing system, DDA would not be able to recoup federal funds for these individuals and instead would pay a total of \$328,509 in general funds for the same services.

Most of the 310 individuals are already eligible for Medicaid. For additional Medicaid participation for other health services, DDA assumes that 5% of these 310 individuals, or 16 people, would decline enrollment in the Medicaid waiver, for which they would be eligible, without this legislation. DDA estimates that of these 16 people, 10 would be Medicaid eligible as a result of eligibility for federal Supplemental Security Income benefits or previous Medicaid determination. The remaining six individuals would be new to Medicaid. The six individuals are expected to each utilize \$8,000 worth of other health services, \$4,000 in general fund expenditures and \$4,000 in federal fund expenditures. For fiscal 2004, this could amount to an additional \$18,000 in general fund expenditures and \$18,000 in federal fund expenditures.

This fiscal estimate assumes that Medicaid-eligible individuals with developmental disabilities who are currently receiving services and refuse to apply for Medicaid services would continue to receive benefits financed entirely from general funds.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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