

Department of Legislative Services
Maryland General Assembly
2003 Session

FISCAL AND POLICY NOTE

House Bill 335 (Delegate Donoghue)

Health and Government Operations

Finance

Community Access Program Grants - Coordination of Health Care Provider
Reimbursements - Pilot Programs

This bill permits a program operating under a Community Access Program grant from the federal Department of Health and Human Services (DHHS) to establish a pilot program to coordinate health care provider reimbursements in order to test innovations in health care services payment.

The bill takes effect July 1, 2003 and terminates June 30, 2005.

Fiscal Summary

State Effect: None. The bill pertains exclusively to private sector activities.

Local Effect: None.

Small Business Effect: Potential minimal.

Analysis

Bill Summary: The pilot program must meet federal grant requirements. The program may (1) enroll participants who do not have insurance and whose income is at or below 300% of the federal poverty level guidelines (FPG) (see **Exhibit 1**); (2) coordinate payments from enrollees and employers to be used to obtain available funding to assist in providing reimbursements to enrollees' health care providers; and (3) enter into agreements with health care providers to coordinate and otherwise provide services to enrollees.

Enrollment in the pilot program is limited to individuals not covered by other reimbursement programs such as the Maryland Children's Health Program (MCHP) or the federal Medicaid program. Only employers who have not offered commercial health insurance for the previous 12 months may participate in the pilot program.

The pilot program created by the bill is not providing insurance, is not subject to regulation by the Maryland Insurance Commissioner, and is not considered an unauthorized insurer. The pilot program must report annually to the Senate Finance Committee and the House Health and Government Operations Committee by June 1.

Current Law: None applicable.

Background: The federal Community Access Program (CAP) was created in 2000 to provide grants that would help grantees in 22 states build integrated health care systems among local partner organizations, all of which were committed to expanding health services to uninsured individuals. CAP grants build on existing models of health care service integration to help health care providers develop integrated, community-wide systems that serve the uninsured and underinsured. CAP provides grants to local health care providers in an effort to increase access to health care by eliminating fragmented service delivery, improving efficiencies among safety net providers, and by encouraging greater private sector involvement.

A majority of CAP grants fund the development and implementation of disease and case management protocols. They promote disease and case management methods that serve to reduce inappropriate and costly utilization of emergency rooms by redirecting patient care into more appropriate settings. In addition, CAP grants help improve providers' management information systems (MIS). CAP projects also involve creative financing and insurance products. Currently, CAP grants support 158 communities in urban and rural areas and on tribal lands. Provider systems in Maryland have benefited from CAP grants in the past (see **Exhibit 2**).

The federal Health Care Safety Net Amendment of 2002, enacted October 26, 2002, authorizes the new Healthy Communities Access Program (HCAP) for federal fiscal 2002-2006. Although the Healthy Communities Access Program has now been authorized, appropriations regarding funding amounts for the program have not been made to date. Information regarding available funding should be available in spring 2003.

Allegany Community Access Program (ACAP) (part of Western Maryland Health System) is a community-based initiative funded with a CAP grant from DHHS and

supported by community partners, health care providers, and other sources. ACAP facilitates collaboration among health and human service providers to increase access to quality health care for uninsured adults. Currently, ACAP provides access to health care for individuals who earn up to 200% FPG using various funding sources and programs.

ACAP is seeking to develop a health care coverage product designed for employed individuals who do not qualify for other assistance programs but who cannot afford health insurance coverage. The program will target small businesses that are unable to provide health insurance coverage through commercial sources. The bill permits ACAP to implement the program and not be subject to Maryland insurance law.

Small Business Effect: The bill would permit the establishment of a pilot program that would offer a health care coverage product to employees. Small businesses that cannot afford to provide health insurance coverage to their employees could participate in the program. Such a product could help employee recruitment and retention efforts for small businesses that participate.

Exhibit 1	
2003 Federal Poverty Level Guidelines for One Person*	
100% FPG	\$8,980
200% FPG	\$17,960
300% FPG	\$26,940

*Federal Register, Vol. 68, February 7, 2003.

Exhibit 2	
Federal Community Access Program Grants to Maryland Entities	
Montgomery County Medical Society (2000)	\$896,145
Western MD Health System (2001)	\$689,581
Western MD Health System (2002)	\$382,910
Total Grants Received:	\$1,968,636

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): U.S. Department of Health and Human Services (Community Access Program), Allegany Community Access Program, Department of Health and Mental Hygiene, Maryland Insurance Administration, Department of Legislative Services

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