

Department of Legislative Services
Maryland General Assembly
2003 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 386

(Senator Ruben, *et al.*)

Finance

Health and Government Operations

Medical Assistance Program - Employed Persons with Disabilities Program

This bill requires, to the extent that funding is available in the State budget, the Department of Health and Mental Hygiene (DHMH) to implement the Employed Persons with Disabilities Program (EPDP) by July 1, 2005. EPDP encourages individuals with disabilities to seek or maintain employment.

The bill takes effect July 1, 2003.

Fiscal Summary

State Effect: DHMH expenditures could increase by a significant amount beginning FY 2006. No effect on revenues.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The Secretary of Health and Mental Hygiene must adopt regulations that develop specific eligibility criteria for participation in EPDP. Prior to adopting the regulations, DHMH must consult with the Coalition for Work Incentives Improvement and give preference to the recommendations for eligibility criteria developed by the coalition. At least every three years after the adoption of regulations, DHMH must review the regulations in consultation with the coalition.

By January 1, 2004, DHMH must issue a preliminary report on the implementation of EPDP and the use of the federal grant funds for implementation activities to the Governor, the Senate Budget and Taxation Committee, the Senate Finance Committee, the House Appropriations Committee, and the House Health and Government Operations Committee. By January 1, 2005, DHMH must issue a final report defining the specific eligibility criteria and the status of EPDP implementation to the Governor and appropriate committees.

Current Law: An adult may qualify for Medicaid if the adult is: (1) aged, blind, or disabled; (2) in a family where one parent is absent, disabled, unemployed, or underemployed; or (3) a pregnant woman. Adults must also have very low incomes to qualify for Medicaid (32% to 51% of the federal poverty level guidelines), with the exception of pregnant women who are covered up to 250% of the federal poverty level guidelines. There is no Medicaid buy-in provision for individuals with disabilities who are employed.

Background: The federal Ticket to Work and Work Incentives Improvement Act of 1999 offers Social Security Disability Income (SSDI) and Supplemental Security Income (SSI) recipients the choice to obtain rehabilitation and vocational services to help them go to work. In addition, it removes barriers that require people with disabilities to choose between health care coverage and work. Ticket to Work gives states the option of expanding Medicaid eligibility for individuals with disabilities who are working and enabling current Medicaid recipients to work without losing their Medicaid coverage.

The Ticket to Work portion of the federal program, which began in February 2002 in 13 states, is now available in 20 additional states and Washington, DC. It is scheduled to be implemented in Maryland sometime this year. SSDI and SSI beneficiaries will receive a ticket that may be used to obtain vocational rehabilitation, job training, and other support services. A ticket holder gives the ticket to an employment network, and together they will design an individual employment plan outlining the services to be provided to assist the beneficiary in reaching his or her employment goal. The Ticket to Work Program will be in operation nationwide by January 2004.

Other provisions of the federal law are already in place to help support people with disabilities who work, including expanded health care coverage. To assist SSDI and SSI beneficiaries with finding employment, the Ticket to Work Program also permits certain beneficiaries to either remain enrolled in state Medicaid programs or become eligible to enroll in Medicaid if the beneficiaries are already employed and earning too much to qualify for Medicaid enrollment under current state guidelines.

Legislation was proposed in Maryland in 2001 and 2002 to establish a Medicaid buy-in (Ticket to Work) program for employed persons with disabilities. While the legislation did not pass, in 2002 the House Economic Matters Committee directed DHMH and the Maryland Coalition for Work Incentive Improvements to work together and develop a pilot program by pursuing all available State and federal funding sources. DHMH and the coalition agreed to pursue a statewide program instead of a regional pilot program, because there was a concern that a pilot program would require the same amount of resources and effort as a statewide program, and may delay statewide implementation. As a result, DHMH applied for a \$2 million grant from the federal Centers for Medicare and Medicaid to develop detailed enrollment and cost estimates for Maryland program options. If the grant is approved, DHMH estimates that it can begin enrollment sometime after July 2005.

State Fiscal Effect: To the extent funding is available in the State budget, DHMH expenditures could increase by a significant amount beginning in fiscal 2006. DHMH is charged with developing regulations, in conjunction with the Coalition for Work Incentives Improvement, to develop EPDP, including its eligibility criteria and cost-sharing requirements. There are insufficient data at this time to reliably estimate any increase. The extent of State expenditures is contingent upon: (1) the type of program established; (2) whether EPDP is eligible for any federal matching funds; (3) the eligibility, cost sharing, and benefit package specified by DHMH; and (4) the number of individuals who may enroll. In addition, DHMH may not implement the program unless there is sufficient funding in the fiscal 2006 budget. *For illustrative purposes only*, if DHMH implements EPDP to provide Medicaid benefits to individuals with disabilities who are working, Medicaid expenditures (50% federal/50% State) could increase by as much as \$13 million in fiscal 2006.

The development and adoption of regulations and the bill's reporting requirements could be handled with existing DHMH budgeted resources. Revenues would not be affected.

Additional Information

Prior Introductions: Similar bills were introduced in both the 2001 and 2002 sessions. SB 228 of 2002 was reported unfavorably by the Senate Finance Committee and HB 397 of 2002 was reported unfavorably by the House Economic Matters Committee. HB 1008 of 2001 was reported unfavorably by the House Economic Matters Committee.

Cross File: HB 630 (Delegate Frush, *et al.*) – Health and Government Operations.

Information Source(s): U.S. Social Security Administration, Governor's Office (Individuals with Disabilities), Department of Health and Mental Hygiene, Maryland Insurance Administration, Department of Legislative Services

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