

**Department of Legislative Services**  
 Maryland General Assembly  
 2003 Session

**FISCAL AND POLICY NOTE**  
**Revised**

Senate Bill 187 (Chairman, Budget and Taxation Committee)  
 (By Request – Departmental – Public Safety and Correctional Services)

Budget and Taxation

Appropriations

**State Reimbursement - Medical Expenditures to Local Detention Centers**

This departmental bill alters provisions by which the State reimburses a county for inmate medical expenses in a local correctional facility. The bill provides that the State must pay for medical expenses that exceed \$50,000 for each inmate confined in a local correctional facility, regardless of whether the inmate has been sentenced. The bill's provisions are effective July 1, 2004.

**Fiscal Summary**

**State Effect:** This bill would result in a general fund savings of about \$147,000 annually for the Department of Public Safety and Correctional Services (DPSCS), beginning in FY 2005.

(in dollars)	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	(147,000)	(147,000)	(147,000)	(147,000)	(147,000)
Net Effect	\$147,000	\$147,000	\$147,000	\$147,000	\$147,000

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

**Local Effect:** Local expenditures for inmate medical costs would rise by a corresponding \$147,000 annually, statewide. Local correctional facilities would experience the increase by varying amounts, but Montgomery County and St. Mary's County may experience the greatest impact. **This bill may impose a mandate on a unit of local government.**

**Small Business Effect:** DPSCS 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:** The State is required to pay for medical expenses that exceed \$25,000 for each inmate confined in a local correctional facility, regardless of whether the inmate has been sentenced.

The Correctional Services Article defines a local correctional facility's "total actual annual operating costs" as to include all costs directly associated with or directly attributable to the start-up and operation of the facility. Such costs do not include:

- overhead costs allocated from other governmental units;
- debt service related to the local correctional facility that was not initiated wholly or partly for the specific purpose of accommodating State inmates;
- income to the local correctional facility from: (1) federal sources; (2) the State, other than from DPSCS; or (3) inmate contributions, including payment for room and board from work releases;
- unreasonable or unnecessary costs, as the Commissioner of Correction determines, for services or programs that are not provided at State correctional facilities; or
- the medical expenses for an inmate described that exceed \$25,000 in a fiscal year.

**Background:** The current formula for the reimbursement of medical costs for local detention centers was enacted in 1988. It is assumed that prior to 1988, excess costs were absorbed by county budget allotments. Medical costs for inmates has continued to rise over this period. Medical CPI, which groups medical costs, has increased 187% nationally since 1986.

Until fiscal 1998, the average annual amount of State expenditures to all counties for medical cost reimbursements was about \$50,000. State expenditures have risen steadily and have exceeded the appropriation for medical expense reimbursements over recent fiscal years. The expenditures for inmate medical reimbursement to the counties was \$74,653 for fiscal 1999; \$29,324 for fiscal 2000; \$256,571 for fiscal 2001; and \$704,410 for fiscal 2002. The total annual appropriation for fiscal 2001 and 2002 was \$75,000. To cover the cost of reimbursements for the last two years, DPSCS made cuts in items identified only as "security expenses."

The Governor's budget allowance for fiscal 2004 for reimbursements for local inmate medical costs is \$640,000, which is based on the actual expenditure needs from fiscal 2001 and 2002.

**State Fiscal Effect:** In fiscal 2001, a total of nine inmates confined in local correctional facilities statewide, in six counties, had medical expenses over \$25,000. In 2002, there were eight such inmates in six counties. Six counties are expected to continue to be most impacted by this bill. The largest impacts, however, will occur in Montgomery County and St. Mary's County, which together had a total of \$700,000 in total medical payments in fiscal 2002.

Based on actual experience with medical payments to local correctional facilities over the last several years, this bill's provisions that the State pay all costs that exceed \$50,000 for each inmate, rather than all costs over \$25,000 for an inmate, is estimated to reduce State general fund expenditures by about \$147,000 annually.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Public Safety and Correctional Services,  
Department of Legislative Services

**Fiscal Note History:** First Reader - February 10, 2003  
mam/jr Revised - Senate Third Reader - March 19, 2003

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Analysis by: Guy G. Cherry

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510