

**Department of Legislative Services**  
 Maryland General Assembly  
 2004 Session

**FISCAL AND POLICY NOTE**

Senate Bill 360  
 Finance

(Senator Pinsky, *et al.*)

**Department of Health and Mental Hygiene - Medical Assistance Programs -  
 Disclosure of Employer**

This bill requires an individual who applies for Medicaid, the Maryland Children’s Health Program (MCHP), the Maryland Pharmacy Assistance Program (MPAP), or the Maryland Pharmacy Discount Program (MPDP) to provide employer information to the Department of Health and Mental Hygiene (DHMH). If a proposed beneficiary of one of these programs is not employed, the applicant must identify the employer of any adult who is responsible for providing financial support to the proposed beneficiary. DHMH must report annually to the General Assembly by October 1 on identified employers and their location, and the number of employees of each identified employer who are enrolled in an assistance program. The information is deemed public but may not contain personal identifying information on the proposed beneficiaries.

**Fiscal Summary**

**State Effect:** Medicaid expenditures could increase by \$981,800 (50% general funds, 50% federal funds) in FY 2005. Future year estimates reflect inflation. No effect on revenues.

(in dollars)	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	490,900	220,400	233,300	247,300	262,300
FF Expenditure	490,900	220,400	233,300	247,300	262,300
Net Effect	(\$981,800)	(\$440,800)	(\$466,600)	(\$494,600)	(\$524,600)

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

**Local Effect:** None.

**Small Business Effect:** None.

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## Analysis

**Current Law:** Employer information is not collected from applicants.

**Background:** In fiscal 2005, Medicaid enrollment is projected at 519,778; MCHP enrollment is projected at 101,486; MPAP enrollment is projected at 49,000; and MPDP enrollment is projected at 25,000.

**State Fiscal Effect:** Medicaid expenditures could increase by an estimated \$981,776 in fiscal 2005, which accounts for the bill's October 1, 2004 effective date. This estimate reflects the cost of reprogramming the Department of Human Resource's Client Automated Resources and Eligibility System (CARES), reprogramming the pharmacy benefit manager database to accept employer information, and nine positions to determine eligibility of applicants and build and maintain the employer information reference file. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses. The information and assumptions used in calculating the estimate are stated below:

- CARES reprogramming costs are \$350,000 in fiscal 2005 only;
- FirstHealth pharmacy benefit manager reprogramming costs are \$250,000 in fiscal 2005 only;
- Medicaid processes 500,000 applications annually;
- obtaining and verifying employer information in a standardized fashion would require approximately two additional minutes for each application; and
- Medicaid must hire eight additional income maintenance specialists to process the increased workload and one data processing programmer analyst.

Salaries and Fringe Benefits	\$308,658
CARES Reprogramming	350,000
FirstHealth Reprogramming	250,000
Operating Expenses	<u>73,118</u>
<b>Total FY 2005 State Expenditures</b>	<b>\$981,776</b>

Future year expenditures reflect: (1) full salaries with 4.6% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses. The

bill's reporting provisions could be handled with existing Medicaid budgeted resources.  
No effect on revenues.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Health and Mental Hygiene (Medicaid, Mental Hygiene Administration, AIDS Administration, Developmental Disabilities Administration), Department of Legislative Services

**Fiscal Note History:** First Reader - February 25, 2004  
mam/jr

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