

Department of Legislative Services
 Maryland General Assembly
 2004 Session

FISCAL AND POLICY NOTE

House Bill 1024 (Delegate Rosenberg)
 Health and Government Operations

Children's Health Insurance Outreach Program

This bill establishes the Children's Health Insurance Outreach Program to identify children who are eligible for the Maryland Children's Health Program (MCHP), enroll them in MCHP, and identify methods to obtain health insurance for uninsured children who do not qualify for MCHP.

Fiscal Summary

State Effect: MCHP expenditures could increase by \$2.8 million (65% federal funds, 35% general funds) in FY 2005. Future year estimates reflect annualization and inflation.

(\$ in millions)	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	.98	2.03	2.16	2.30	2.45
FF Expenditure	1.82	3.77	4.01	4.27	4.54
Net Effect	(\$2.80)	(\$5.79)	(\$6.17)	(\$6.57)	(\$6.99)

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

Local Effect: It is assumed the county boards of education could distribute the required form with existing resources. **This bill imposes a mandate on local county boards of education.**

Small Business Effect: None.

Analysis

Bill Summary: The Department of Health and Mental Hygiene (DHMH) must develop a health insurance form for the Maryland State Department of Education (MSDE) to include with the school lunch application or with any other information granting eligibility for the school lunch program, and use the forms received from MSDE to enroll children in MCHP. DHMH and MSDE must adopt regulations to implement the bill.

Each county board of education must include the health insurance form developed by DHMH with the school lunch application or any other information granting eligibility for the school lunch program and forward returned and completed health insurance forms to DHMH.

Current Law: There is no requirement that MSDE conduct outreach for MCHP enrollment. MCHP covers children with family incomes up to 300% of the federal poverty level guidelines (FPG) (see **Exhibit 1**) and pregnant women with incomes up to 250% of FPG.

MSDE administers the National School Lunch Program, which provides free or reduced-cost lunches to lower-income children.

Background: Ohio used a similar outreach program in its schools for two years. During the 2000-01/2001-02 school years, Ohio Public Schools added an addendum to the school lunch application, enabling families to request information about Healthy Start/Healthy Families (Ohio's Medicaid and State Child Health Insurance Program, SCHIP). The addendum authorized information sharing and provided Healthy Start/Healthy Families with all the demographic information necessary to send families an application and to conduct outreach and follow-up. Schools then pulled off the addendum and mailed it to the state for processing, in most instances. In its first year, the addendum was optional for districts, but it became mandatory in its second year.

Ohio's School Lunch Program serves children in families with incomes at or below 185% of FPG while its Healthy Start/Healthy Families program serves children in families with incomes at or below 200% of FPG.

Due to budget constraints, for 2002-03, Ohio revised its process and omitted the addendum. Instead, it added a short sentence about the Healthy Start/Healthy Families program directly on the school lunch application along with the state's toll-free application assistance number. In addition, it offered schools a flyer to attach to the school lunch application.

Statewide, in 2000-01, 15,380 applications were sent out due to the addendum on the school lunch application. Also, in 2000/01, 15,880 applications were sent out due to a brochure that was sent to each child in public and private schools in Ohio (a total of 2.1 million brochures were distributed). Based upon a sample of these 31, 260 applications, 44.4% of the cases reviewed were enrolled in the SCHIP program, 26.7% of the cases were already in the program, 28.7% of the cases were not enrolled (either they did not finish the process or were denied). No data are available for 2001-02, due to cessation of funding.

State Fiscal Effect: MCHP conducted an outreach program through the school lunch program from 1999 to 2001. During the first year, about 2% of applications were returned, and about 0.5% of the children contacted enrolled in MCHP. In 2000, MCHP scaled back its outreach efforts to kindergarten through third grade only. MCHP discontinued the program after the 2000-01 school year.

Based on this experience, MCHP expenditures could increase by \$2,801,553 (\$1,821,009 federal funds, \$980,544 general funds) in fiscal 2005, which assumes new enrollment begins January 1, 2005. This estimate reflects \$2,610,000 for newly enrolled MCHP children identified through outreach, and the cost of three outreach program staff and one clerk to identify children who are eligible for MCHP, enroll them, and identify health insurance options for uninsured children who do not qualify for MCHP. 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:

- 4,350 children enroll in MCHP annually;
- the annual capitation rate for children is \$1,200; and
- MCHP distributes 870,000 forms annually at schools.

Salaries and Fringe Benefits	\$143,773
MCHP Program Costs for Newly-covered Kids	2,610,000
MCHP Outreach Form	22,500
Operating Expenses	<u>25,280</u>
Total FY 2005 State Expenditures	\$2,801,553

Future year expenditures reflect: (1) full salaries with 4.6% annual increases and 3% employee turnover; (2) 6.5% medical inflation in MCHP; and (3) 1% annual increases in ongoing operating expenses.

Additional Comments:

Exhibit 1
2004 Federal Poverty Guidelines for One Person*

100% FPG	\$ 9,310
150% FPG	\$13,965
200% FPG	\$18,620
250% FPG	\$23,253
300% FPG	\$27,930

**Federal Register, Vol. 69, No. 30, February 13, 2004, pp. 7336-7338.*

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - March 1, 2004
mh/jr

Analysis by: Susan D. John

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