

Department of Legislative Services
 Maryland General Assembly
 2004 Session

FISCAL AND POLICY NOTE
Revised

House Bill 1117 (Delegate Pendergrass)

Health and Government Operations

Finance

Health - Maryland Medical Assistance Program and Maryland Children's Health Program

This bill makes various changes to the Maryland Children's Health Program (MCHP) related to guaranteed eligibility, reenrollment, and premium collection.

Fiscal Summary

State Effect: Contingent on the enactment of SB 715 or HB 1271 of 2004, Medicaid expenditures could increase by \$4.7 million (\$2.3 million general funds, \$2.4 million federal funds) in FY 2006. Future year estimates reflect inflation.

(\$ in millions)	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	2.3	2.4	2.6	2.8
FF Expenditure	0	2.4	2.6	2.8	3.0
Net Effect	\$0	(\$4.7)	(\$5.1)	(\$5.4)	(\$5.7)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The Department of Health and Mental Hygiene (DHMH), subject to limitations of the State budget, must provide guaranteed eligibility for each Medicaid

HealthChoice and MCHP enrollee for up to six months, unless the enrollee obtains health insurance through another source.

DHMH must allow a former MCHP premium plan enrollee whose family income is more than 200% and up to 300% of the federal poverty level guidelines (FPG) to reenroll in MCHP: (1) upon payment in full of any monthly premiums owed for prior periods of MCHP coverage; or (2) after a three-month waiting period. DHMH must notify enrollees of the reenrollment provisions.

A parent or guardian of an eligible MCHP enrollee must pay a premium that does not exceed 2% of the annual family income. DHMH may implement a tiered premium structure based on family income and size. Until DHMH establishes the tiered premium structure, the parent or guardian of an eligible MCHP enrollee must pay current premium requirements.

DHMH and the Maryland State Department of Education must make recommendations on an outreach program to identify individuals eligible for MCHP. The departments must consider the creation of an outreach program similar to the model using the school lunch program identified in HB 1024 of 2004, examine current outreach programs used by the local boards of education, and examine outreach programs used in other states and jurisdictions. The departments must report their findings and recommendations by September 1, 2004 to specified legislative committees.

DHMH must conduct an analysis of the current regulations related to hardship waivers for MCHP premium payments and make recommendations for increasing an enrollee's awareness of the availability of the waiver. DHMH must report its findings and recommendations to specified legislative committees.

It is the intent of the General Assembly that: (1) any federal revenue received as a result of an increase in federal Medicaid match percentages remain within Medicaid and be used to expand program services; and (2) the State must not supplant State dollars with any federal revenue received from a federal Medicaid match percentage increase.

The MCHP guaranteed eligibility provisions take effect July 1, 2005 if SB 715 or HB 1271 takes effect. The bill's other provisions take effect July 1, 2004.

Current Law: DHMH may, but is not required to, provide guaranteed eligibility for Medicaid HealthChoice and MCHP enrollees for up to six months.

An individual whose MCHP enrollment is terminated due to the failure to pay a premium is ineligible for reenrollment until all premiums due to DHMH are paid in full.

In fiscal 2004 only, MCHP enrollees with family incomes from 185% up to 200% of FPG pay a \$37 monthly premium (2% of family income at 185% FPG). MCHP enrollees with family incomes from 200% up to 250% FPG pay a \$40 monthly premium (2% of family income at 200% FPG). MCHP enrollees with family incomes from 250% up to 300% FPG pay a \$50 monthly premium (2% of family income at 250% FPG).

The Federal Medical Assistance Percentages (FMAPs) are used in determining the amount of federal matching funds for State Medicaid and MCHP expenditures. In general, the federal match for Maryland is 50% for Medicaid and 65% for MCHP. Maryland received temporary enhancements to these match percentages of 2.95% in the last two quarters of federal fiscal 2003 and the first three quarters of federal fiscal 2004. These enhancements provided \$33.3 million to the State in fiscal 2003 and \$130 million in fiscal 2004. No enhanced FMAP match is expected in fiscal 2005.

Background: HB 1271/SB 715, if enacted, would establish a Community Health Resource Commission, whose mission is to maximize the use of community health resources to provide primary and specialty care to lower-income individuals. In addition, the bill would expand Medicaid eligibility to individuals with income up to 200% FPG to provide primary and office-based specialty care to parents of MCHP enrollees.

State Fiscal Effect: Medicaid expenditures could increase by \$4,744,214 (\$2,444,739 federal funds, \$2,299,475 general funds) in fiscal 2006, which reflects the bill's July 1, 2005 effective date for the Medicaid guaranteed eligibility and MCHP premium debt forgiveness provisions. The information and assumptions used in calculating the estimate are stated below:

- providing guaranteed eligibility to HealthChoice and MCHP enrollees would cost approximately \$4.3 million (50% federal funds, 50% general funds);
- permitting individuals to reenroll in MCHP without paying missed premiums would permit an additional 28 families per month to reenroll in MCHP and cost \$453,511 (65% federal funds, 35% general funds); and
- forgiving missed premium payments would cost \$30,703 (65% federal funds, 35% general funds).

Future year expenditures reflect 6.5% medical inflation in the Medicaid and MCHP programs.

Any increase in federal matching fund percentages cannot be determined at this time. To the extent DHMH receives enhanced federal matches, Medicaid expenditures would increase to expand program services. Implementing a tiered premium structure based on the number of children in a family as well as family income would not have any fiscal impact. The study of MCHP outreach in school lunch programs and the analysis of current DHMH hardship waiver regulations could both be handled with existing DHMH budgeted resources.

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
ncs/jr Revised - House Third Reader - April 9, 2004

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