

Department of Legislative Services  
 Maryland General Assembly  
 2005 Session

FISCAL AND POLICY NOTE

Senate Bill 986 (Senator Britt, *et al.*)  
 Finance

Maryland Home Care Services - Personal Care Providers - Reimbursement,  
 Training, and Benefits

This bill specifies minimum reimbursement amounts that Medicaid may pay to personal care providers.

The bill takes effect July 1, 2005.

Fiscal Summary

**State Effect:** Medicaid expenditures could increase by \$1.9 million (50% general funds, 50% federal funds) from the rate increase. Future year estimates reflect implementation of training, the provision of health benefits to eligible providers, and inflation. No effect on revenues.

(\$ in millions)	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	1.0	9.7	10.2	10.7	11.2
FF Expenditure	1.0	1.4	1.4	1.4	1.4
Net Effect	(\$1.9)	(\$11.1)	(\$11.6)	(\$12.1)	(\$12.6)

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

**Local Effect:** None.

**Small Business Effect:** Potential meaningful. Personal care providers would receive higher reimbursements, training, and health benefits provided by the State.

## Analysis

**Bill Summary:** A personal care provider is an individual who, through appropriate agreement with the Department of Health and Mental Hygiene (DHMH), is identified by the issuance of an individual account number as a program provider and is eligible to render personal care services. Personal care services are assistance with activities of daily living (ADL).

Medicaid must reimburse personal care providers for services rendered to assist a Medicaid enrollee with activities of daily living at least in the following amounts: (1) \$14 for a day of Level 1 personal care; (2) \$24 for a day of Level 2 personal care; (3) \$50 for a day of Level 3 personal care; and (4) \$14 for a day of training. DHMH must develop a training program for personal care providers on: (1) providing quality of care to Medicaid enrollees; and (2) improving the safety of the work environment.

By July 1, 2006, DHMH, in consultation with representatives of a public institution of higher education, must develop and implement a curriculum for the training program that provides for at least 80 hours of training. State agencies that administer home- and community-based service programs must offer personal care providers the opportunity to participate in the training. By January 1, 2006, DHMH, to the extent permitted and subject to the State budget, must provide a comprehensive health benefit plan to personal care providers.

**Current Law:** Medicaid covers personal care services in a variety of programs: Medicaid's personal care program (MAPC) and personal care services available through home- and community-based waivers. Medicaid reimburses providers in MAPC: (1) \$10 for one day of Level 1 personal care; (2) \$20 for one day of Level 2 personal care; (3) \$50 for one day of Level 3 personal care; and (4) \$10 for one day of training. For providers in the waiver programs, Medicaid pays an hourly rate.

**State Fiscal Effect:** Medicaid expenditures could increase by \$1,947,936 (50% general funds, 50% federal funds) in fiscal 2006 to increase provider rates. It is assumed the bill only applies to personal care providers in MAPC who are currently reimbursed in a manner similar to the bill. If the bill applies to personal care providers in the home- and community-based waiver programs, Medicaid expenditures could decrease by a significant amount, since Medicaid is paying these providers an hourly rate.

The fiscal 2006 budget includes an additional \$2 million to increase rates for some providers by adding a "2b" level of care with a \$30 daily reimbursement rate. The bill's proposed rate increases would increase expenditures beyond the monies included in the budget for fiscal 2006. The information and assumptions used in calculating the estimate are stated below:

- there are 145,501 claims in fiscal 2006 for Level 1 care, reimbursed at a \$4 rate increase;
- there are 752,252 claims in fiscal 2006 for Level 2 care, reimbursed at a \$4 rate increase;
- there are 39,592 claims in fiscal 2006 for Level 2b care, reimbursed at a \$10 rate increase;
- net claims payments increase \$3,986,934 in fiscal 2006;
- the Governor's fiscal 2006 budget includes \$2,038,998 for increased rates; and
- \$1,947,936 is the amount in excess of the fiscal 2006 budget allowance needed to increase rates as required by the bill.

Future year estimates reflect: (1) \$861,280 (50% general funds, 50% federal funds) for training programs beginning in fiscal 2007; (2) \$7.8 million general fund expenditure for health benefits provided to approximately 1,950 providers beginning in fiscal 2007; and (3) 5.8% annual inflation in the Medicaid program and 11.7% annual inflation for health benefits.

Fiscal 2007 training costs assume: (1) the training program costs \$560 each for 1,322 participants; and (2) Medicaid reimburses 864 providers at \$14 per day.

Fiscal 2007 health benefits costs assume: (1) 3,000 personal care providers; (2) 65%, or 1,950, choose to enroll; (3) annual costs to the State are \$4,021 per person; and (4) the State may only use general funds for health benefits.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** HB 1566 (Delegate Mandel, *et al.*) – Health and Government Operations.

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

**Fiscal Note History:** First Reader - March 22, 2005  
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