

Department of Legislative Services
 Maryland General Assembly
 2006 Session

FISCAL AND POLICY NOTE

House Bill 1079 (Delegate Murray, *et al.*)
 Health and Government Operations

Maryland Medical Assistance Program - Medically Based Child Care Centers -
 Reimbursement

This bill requires the Department of Health and Mental Hygiene (DHMH) to reimburse medically-based child care centers that participate in the program for care provided to Medicaid recipients at a per diem rate of at least \$140.

The bill takes effect July 1, 2006.

Fiscal Summary

State Effect: Medicaid expenditures could increase by \$1.1 million (50% general funds, 50% federal funds), beginning in FY 2007. Future year estimates reflect inflation. No effect on revenues.

(\$ in millions)	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	.5	.6	.6	.7	.7
FF Expenditure	.5	.6	.6	.7	.7
Net Effect	(\$1.1)	(\$1.2)	(\$1.2)	(\$1.3)	(\$1.4)

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

Local Effect: None.

Small Business Effect: Potential meaningful. Small businesses that provide medically-based child care for Medicaid recipients would receive higher reimbursement rates.

Analysis

Current Law: Medicaid reimburses medically-based child care centers at \$70 per diem.

State Fiscal Effect: Medicaid expenditures could increase by an estimated \$1,097,200 (50% federal funds, 50% general funds) in fiscal 2007 from the increased reimbursement rate. The information and assumptions used in calculating the estimate are stated below:

- Medicaid reimbursed providers about \$844,000 total funds in fiscal 2005;
- the reimbursement rate is doubled;
- because of the higher rates, providers would be motivated to enroll more Medicaid recipients and enrollment would increase by 15%; and
- future year estimates reflect 6.5% Medicaid inflation.

Additional Information

Prior Introductions: None.

Cross File: SB 644 (Senator Lawlah, *et al.*) – Finance.

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

Fiscal Note History: First Reader - March 6, 2006
ncs/jr

Analysis by: Susan D. John

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