

Department of Legislative Services
Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE

House Bill 1060 (Delegate Mizeur, *et al.*)
Health and Government Operations

Medicaid Transparency Act

This bill requires the Department of Health and Mental Hygiene (DHMH) to provide written notification to the Senate Finance and House Health and Government Operations committees of any Medicaid State plan amendment or waiver application at least 60 days before submission to the federal Centers for Medicare and Medicaid Services (CMS).

Notification must include (1) a copy of the proposed amendment or waiver application; (2) the projected fiscal impact; (3) the projected impact on program enrollees and health care providers; (4) the likely effects on health care costs and health insurance premiums in the State; and (5) the process for obtaining stakeholder input before implementation. The committees have 60 days to review and comment on the proposed amendment or waiver application before submission to CMS.

Fiscal Summary

State Effect: Submission of State plan amendments and waiver applications could be handled with existing DHMH budgeted resources. DHMH federal fund expenditures for Medicaid could decrease, while general fund expenditures increase beginning in FY 2008 due to the mandatory 60-day review and comment period required under the bill.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: If DHMH applies for a Medicaid waiver or modifies or amends an existing Medicaid waiver, DHMH must give notice of the application by publication in the *Maryland Register* and submission of the application or amendment to the Medicaid Advisory Committee (MAC) for discussion at a MAC meeting. For 30 days following publication in the *Maryland Register*, DHMH must make the waiver application available to the public during business hours and provide an opportunity to receive public comments. If DHMH submits a State plan amendment, DHMH must submit a copy of the amendment to MAC members no later than five business days after the amendment is submitted to CMS.

State plan amendments regarding changes in benefits, copayments, and premiums are also submitted through the State regulatory process, including a public comment period and a 45-day review and comment period by the Administrative, Executive, and Legislative Review (AELR) Committee.

Background: The State Medicaid Plan is the document that defines how Maryland operates its Medicaid program. The State plan addresses State program administration, Medicaid eligibility criteria, service coverage, and provider reimbursement. State plans (and amendments) are submitted to CMS for review and approval and provide a public record of the rules that operate under each state's program. While some State plan amendments make significant changes, many amendments are routine and do not impact enrollees. Federal law also allows states to apply to CMS for waivers from certain Medicaid and Maryland Children's Health Program requirements.

State plan amendments and waiver applications submitted to CMS and any resulting regulations submitted to AELR contain a projected fiscal impact, the projected impact on program enrollees and providers, and the process for obtaining stakeholder input. DHMH does not currently estimate the likely effects of plan amendments and waiver applications on health care costs and health insurance premiums in the State.

In February 2006, the federal Deficit Reduction Act of 2005 made significant changes to the Medicaid program. In addition to mandatory reforms that include a proof of citizenship requirement and changes to asset transfer rules, new options are now available to the Maryland Medicaid program. Key optional reforms allow states to increase premiums and cost sharing for enrollees, replace existing Medicaid benefits for certain groups with more limited "benchmark" coverage, and extend Medicaid "buy-in" coverage to certain children with disabilities. The Act substantially expands the range of options available to states that can be implemented through the State plan amendment process.

State Fiscal Effect: Submission of State plan amendments and waiver applications could be handled with existing DHMH budgeted resources. However, DHMH federal fund expenditures for Medicaid could decrease, while general fund expenditures correspondingly increase, due to the mandatory 60-day review and comment period required under the bill. Any increase in general fund expenditures depends on the extent to which the review and comment period affects timely submission of State plan amendments or waiver applications that impact federal matching funds. If federal matching funds are reduced due to untimely submission of State plan amendments or waiver applications, general fund expenditures would increase proportionately. The exact amount of any increase cannot be reliably estimated at this time, but could be significant.

Additional Information

Prior Introductions: A related bill, SB 472 of 2005, would have required legislative approval for DHMH to amend any waivers or seek approval of any pending, existing, or future waivers to the State Medicaid Plan by any means that would (1) consolidate federal grants or allotments; (2) cap federal contributions to Medicaid spending; or (3) alter the proportional share of federal or State Medicaid spending. The bill passed the Senate and received a hearing in the House Health and Government Operations Committee.

Cross File: None.

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

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