

Department of Legislative Services
 Maryland General Assembly
 2007 Session

FISCAL AND POLICY NOTE

House Bill 1061 (Delegate Mizeur, *et al.*)
 Health and Government Operations

Eliminating Barriers to Enrollment Act

This bill requires the Department of Health and Mental Hygiene (DHMH), in determining eligibility for Medicaid, to calculate the income of program recipients on an annual basis and prohibits calculation of income on a prospective basis. The bill requires DHMH to provide 12 months of guaranteed eligibility and presumptive eligibility for HealthChoice enrollees. Uncodified language requires DHMH to report by December 30, 2007 on compliance with federal outstationed worker requirements.

The bill takes effect July 1, 2007.

Fiscal Summary

State Effect: Medicaid expenditures could increase by at least \$481.0 million (50% general funds, 50% federal funds) beginning in FY 2008. Department of Human Resources (DHR) expenditures could increase by at least \$150,296 beginning in FY 2008. Future years reflect inflation. No effect on revenues.

(\$ in millions)	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	240.6	256.2	272.9	290.6	309.5
FF Expenditure	240.6	256.2	272.9	290.6	309.5
Net Effect	(\$481.2)	(\$512.4)	(\$545.7)	(\$581.2)	(\$619.0)

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

Local Effect: None.

Small Business Effect: Meaningful. To the extent Medicaid enrollment increases or decreases, small business Medicaid providers would experience an increase or decrease in Medicaid reimbursement.

Analysis

Current Law: DHMH may, but is not required to, provide guaranteed eligibility for HealthChoice enrollees for up to six months, unless the enrollee obtains health insurance.

Background:

Eligibility Determination: Eligibility for Medicaid is determined by intake workers at local departments of social services using a six-month prospective calculation of income. Some individuals, such as those receiving Supplemental Security Income, are automatically eligible for Medicaid and their income is not evaluated. Medicaid enrollees must report any change in income as it occurs and eligibility may be discontinued if income exceeds the eligibility threshold.

Guaranteed Eligibility: Guaranteed (or continuous) eligibility guarantees a set period of eligibility regardless of changes in family situation. Prior to fiscal 2005, DHMH provided six months of guaranteed eligibility to children in HealthChoice and the Maryland Children's Health Program. Guaranteed eligibility was terminated as part of DHMH cost containment measures in fiscal 2005.

Presumptive Eligibility: Federal law allows States to provide presumptive eligibility – upfront temporary coverage pending documentation of eligibility factors – to pregnant women, children, and women with breast and cervical cancer. Prior to implementation of the HealthChoice managed care program, DHMH provided presumptive eligibility to pregnant women and children. Enrollees were given up to 60 days to provide documentation verifying their eligibility. DHMH found that many enrollees never completed the verification process and were subsequently disenrolled from the program. DHMH discontinued presumptive eligibility and instituted a 10-day turnaround period for applications for pregnant women and children. DHMH indicates that they were successful at meeting this time frame until the federal Deficit Reduction Act of 2005 required states to verify citizenship as a condition of eligibility effective July 1, 2006.

Other States: Sixteen states provide 12 months of guaranteed eligibility for children in Medicaid. Nine states have presumptive eligibility for children: California, Connecticut, Illinois, Massachusetts, Michigan, Missouri, New Hampshire, New Jersey, and New Mexico. Thirty-one states have presumptive eligibility for pregnant women, including

Delaware, Pennsylvania, and the District of Columbia.

Federal Outstationed Worker Requirements: Federal law requires State Medicaid plans to provide for receipt of Medicaid applications for pregnant women and children at locations other than local departments of social services, including disproportionate share hospitals and federally qualified health centers. States are required to provide staff to outstation locations to conduct eligibility determination, at the state's expense.

State Fiscal Effect:

Guaranteed Eligibility: Medicaid expenditures would increase by \$481,007,109 (50% general funds, 50% federal funds) in fiscal 2008 to provide 12 months of guaranteed eligibility to HealthChoice enrollees. This estimate is based on providing 12 months of coverage at a cost of \$159 per month per child and \$516 per month per adult to individuals who currently enroll in the program for between one and eleven months only. Approximately 184,000 children and 102,000 adults currently receive Medicaid for less than 12 months.

Future year expenditures reflect 6.5% inflation.

Presumptive Eligibility: Medicaid expenditures could increase by a significant amount to reinstate presumptive eligibility for pregnant women, children, and women with breast and cervical cancer. To the extent individuals granted presumptive eligibility do not finalize the eligibility process or are determined ineligible, Medicaid general fund expenditures would be used to cover 100% of the cost of care received during the period of presumptive eligibility rather than receiving a 50% federal match for confirmed eligible individuals. The number of individuals who would be granted presumptive eligibility under the bill cannot be reliably estimated at this time.

DHR personnel expenditures would increase by \$150,296 beginning in fiscal 2008 (50% general funds, 50% federal funds), which reflects the bill's July 1, 2007 effective date. This estimate accounts for hiring three, full-time income maintenance specialists in the local departments of social services to handle additional Medicaid applications associated with presumptive eligibility. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Salaries and Fringe Benefits	\$129,371
Other Operating Expenses	<u>20,925</u>
Total	\$150,296

Future year expenditures reflect: (1) full salaries with 4.5% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

Eligibility Determination: DHR reports that they would incur significant one-time expenses in fiscal 2008 to reprogram the Clients Automated Resource and Eligibility System to calculate income on an annual basis rather than a monthly, prospective basis and to retrain eligibility workers. The amount of this increase cannot be reliably estimated at this time.

Medicaid expenditures (50% general funds, 50% federal funds) could increase or decrease in fiscal 2008 due to changes in income eligibility determination. An unknown number of individuals currently eligible for Medicaid could be found ineligible based on annual income, resulting in decreased Medicaid expenditures due to reduced enrollment. Conversely, an unknown number of individuals could be determined eligible based on annual income, resulting in increased Medicaid expenditures due to increased enrollment. Insufficient information is available to reliably estimate this impact.

Federal Outstationed Worker Requirements Report: DHMH could submit the required report with existing budgeted resources.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): *Resuming the Path to Health Coverage for Children and Parents: A 50-State Update on Eligibility Rules, Enrollment and Renewal Procedures, and Cost-Sharing Practices in Medicaid and SCHIP in 2006;* Kaiser Commission on Medicaid and the Uninsured (January 2007); Department of Health and Mental Hygiene; Department of Human Resources; Department of Legislative Services

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ncs/jr

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