

Department of Legislative Services

Maryland General Assembly

2007 Session

FISCAL AND POLICY NOTE

House Bill 796

(Delegate Kullen, *et al.*)

Health and Government Operations

Maryland Medical Assistance Program - Community Choice Program Excluded Populations

This bill makes participation in the Community Choice program voluntary for adults who meet the enrollment criteria for the Living at Home Waiver.

The bill takes effect June 1, 2007.

Fiscal Summary

State Effect: Anticipated savings under the Community Choice program for Medicaid (50% general funds, 50% federal funds) could be reduced by a significant amount. No effect on revenues.

Local Effect: None.

Small Business Effect: Minimal to none.

Analysis

Current Law: The Department of Health and Mental Hygiene (DHMH) is required to apply to the federal Centers for Medicare and Medicaid Services (CMS) for a waiver to establish the Community Choice program, a managed care system for Medicaid enrollees receiving long-term care services.

Under Community Choice, dually eligible Medicare and Medicaid recipients will be required to enroll in a community care organization (CCO). The CCO will promote the

delivery of services in the most appropriate, cost-effective setting, with less reliance on institutional care and greater reliance on less-restrictive community settings. On an annual basis, enrollees may select the nursing home, assisted living, or adult care provider of their choice. Program benefits must be identical to current Medicaid benefits and enrollees may not be forced to move from their current provider. Enrollees must have a choice of at least two CCOs. Community Choice may not operate in more than two areas of the State. DHMH must make capitation payments to each CCO at a level that is actuarially adjusted for the benefits provided.

The Living at Home Waiver program is a statewide program for people with physical disabilities, who are between the ages of 18 to 59, and need assistance with daily living. The program is designed to serve people who are currently in a nursing home with an interest in returning to the community and individuals living in the community who may need nursing home services but would like to remain in the community. The waiver program offers services including personal assistance, skilled nursing supervision, assistive technology, and personal emergency response systems.

Eligible individuals must require a nursing facility level of care based on an assessment from their local health department. Eligibility is restricted to individuals with a monthly income of no more than 300% of Supplemental Security Income (SSI) benefits (\$1,869 monthly in 2007) and \$2,000 in assets.

Background: In August 2005, DHMH submitted a Section 1115 Medicaid waiver application to CMS to establish the Community Choice program. The waiver proposed to pilot the program in Baltimore City/Baltimore County and Prince George's/Montgomery counties. In March 2006, CMS requested additional information about the waiver application to which DHMH responded. DHMH has not received approval from CMS for Community Choice. Although not yet implemented, the program terminates on May 31, 2008.

The Living at Home Waiver has 500 enrollees and approximately 1,500 eligible applicants on a waiting list. Living at Home Waiver recipients represent approximately 2% of the total individuals receiving Medicaid long-term care services.

State Fiscal Effect: If DHMH receives federal waiver approval and the termination date of the program is extended or removed, DHMH will implement the Community Choice program. Long-term care savings are anticipated beginning by the third year of program implementation (as early as fiscal 2010). Making participation in Community Choice optional for adults that meet enrollment criteria for the Living at Home Waiver would result in a reduction in potential savings for DHMH.

If and when Community Choice is implemented, Medicaid anticipates 50,000 program enrollees and net savings of approximately \$17.1 million (50% federal funds, 50% general funds) by year three of the program and \$45.8 million by year four of the program. As the bill exempts all adults that meet enrollment criteria for the Living at home Waiver, the exact number of individuals who would be exempt from Community Choice cannot be reliably estimated at this time, nor can the associated reduction in savings that would result from making participation in Community Choice optional for this population.

Additional Information

Prior Introductions: None.

Cross File: SB 630 (Senator Della, *et al.*) – Finance.

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

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