

Department of Legislative Services
 Maryland General Assembly
 2008 Session

FISCAL AND POLICY NOTE

House Bill 1404 (Delegate Mizeur, *et al.*)
 Health and Government Operations

Eliminating Barriers to Enrollment Act

This bill requires the Department of Health and Mental Hygiene, subject to the limitations of the State budget and as permitted by federal law or waiver, to provide for Medicaid and Maryland Children’s Health Insurance Program enrollees up to the age of 19 • up to 12 months of guaranteed eligibility, unless the enrollee obtains health insurance through another source; and • presumptive eligibility. Uncodified language requires DHMH to report to specified standing committees by December 30, 2008 on compliance with federal outstationed worker requirements.

The bill takes effect July 1, 2008.

Fiscal Summary

State Effect: Medicaid expenditures could increase by \$15.4 million (50% general funds, 50% federal funds) beginning in FY 2009 to provide guaranteed and presumptive eligibility to children. Department of Human Resources expenditures (50% general funds, 50% federal funds) could increase by \$101,700 beginning in FY 2009 to handle additional Medicaid applications relating to presumptive eligibility. Future years reflect inflation. No effect on revenues.

(\$ in millions)	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	7.7	7.9	8.4	8.9	9.5
FF Expenditure	7.7	7.9	8.4	8.9	9.5
Net Effect	(\$15.5)	(\$15.9)	(\$16.8)	(\$17.9)	(\$18.9)

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

Local Effect: The bill would impact the workload of the local departments of social services and local health departments.

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

Guaranteed Eligibility: Guaranteed eligibility ensures 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 MCHP. 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 HealthChoice, 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 it was successful at meeting this timeframe 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, while 27 states (including Delaware, Pennsylvania, Virginia, and West Virginia) provide such eligibility in their State Children’s Health Insurance Program. Fourteen states have presumptive eligibility for children in either Medicaid or SCHIP.

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: Medicaid expenditures could increase by an estimated \$15.4 million (50% general funds, 50% federal funds) in fiscal 2009, which reflects the bill’s July 1, 2008 effective date.

Guaranteed Eligibility: Medicaid expenditures could increase by an estimated \$12.8 million (50% general funds, 50% federal funds) in fiscal 2009. This estimate reflects the cost to provide 12 months of guaranteed eligibility to children in Medicaid and MCHP and to contract for 4,160 hours of computer reprogramming to track enrollees. The estimated cost of benefits is based on providing 12 months of coverage at a cost of \$168.45 per month per child to 13,600 children who currently enroll in the program for between 1 and 11 months only. This equates to 73,000 additional months of Medicaid and MCHP coverage in fiscal 2009.

Guaranteed Eligibility Benefits	\$12,296,850
Computer Reprogramming Expenses	<u>479,648</u>
Total	\$12,776,498

Future year expenditures reflect • 5% inflation for benefit costs; and • 1% annual increases in the total number of additional months of coverage provided under the bill.

Presumptive Eligibility: Medicaid expenditures could increase by an estimated \$2.6 million (50% general funds, 50% federal funds) in fiscal 2009. This estimate accounts for reinstatement of presumptive eligibility for children in Medicaid, provision of presumptive eligibility to children in MCHP, and hiring two full-time eligibility workers to provide eligibility determination. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses. The estimated cost of benefits is based on the cost to provide 2.5 months of presumptive coverage to 5,868 children (who are assumed to not have applied for Medicaid or MCHP in the absence of presumptive eligibility) at a cost of \$168.45 per month per child.

Positions	2
Presumptive Eligibility Coverage	\$2,471,162
Salaries and Fringe Benefits	116,250
Other Operating Expenses	<u>13,550</u>
Total	\$2,600,962

Future year expenditures reflect • 4.4% annual increases and 3% employee turnover; • 2% annual increases in ongoing operating expenses; • 5% inflation for benefit costs; and • 1% annual increases in the number of children provided presumptive eligibility.

DHR personnel expenditures could increase by \$101,685 beginning in fiscal 2009 (50% general funds, 50% federal funds), which reflects the bill's July 1, 2008 effective

date. This estimate accounts for hiring two 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.

Positions	2
Salaries and Fringe Benefits	\$92,334
Other Operating Expenses	<u>9,350</u>
Total	\$101,684

Future year expenditures reflect • 4.4% annual increases and 3% employee turnover; and • 2% annual increases in ongoing operating expenses.

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

Additional Information

Prior Introductions: A similar bill, HB 1061 of 2007, received no action by the House Health and Government Operations Committee.

Cross File: None.

Information Source(s): *Health Coverage for Children and Families in Medicaid and SCHIP: State Efforts Face New Hurdles, A 50-State Update on Eligibility Rules, Enrollment and Renewal Procedures, and Cost-Sharing Practices in Medicaid and SCHIP in 2008*, Kaiser Family Foundation, January 2008; Department of Health and Mental Hygiene; Department of Human Resources; Department of Legislative Services

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