

Department of Legislative Services
 Maryland General Assembly
 2008 Session

FISCAL AND POLICY NOTE

Senate Bill 965 (Senator Conway, *et al.*)
 Finance and Budget and Taxation

Comptroller - Eligibility for the Maryland Medical Assistance Program or the
 Maryland Children's Health Program

This bill requires the Comptroller to send taxpayers with a dependent child and a federal adjusted gross income of up to 300% of federal poverty guidelines a notice indicating that the dependent child may be eligible for Medicaid or the Maryland Children's Health Program and providing information about how to enroll in the programs.

The bill applies beginning with tax year 2009.

Fiscal Summary

State Effect: General fund expenditures for the Comptroller's Office could increase by \$342,800 in FY 2010 to print and mail the required notices. Future years reflect growth in eligible returns and inflation. No effect on revenues.

(in dollars)	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	342,800	356,600	371,000	386,000
Net Effect	\$0	(\$342,800)	(\$356,600)	(\$371,000)	(\$386,000)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: The Medicaid program provides health care coverage to approximately 530,000 Marylanders. Eligibility is limited to children, pregnant women, elderly or disabled individuals, and indigent parents who pass certain income and asset tests. MCHP offers comprehensive health care coverage to low-income children under age 19 with family incomes that exceed the standard for Medicaid but are at or below 300% FPG. Families with incomes above 200% FPG are enrolled in the MCHP premium plan and required to pay monthly premiums depending on income. In fiscal 2008, approximately 113,000 children will be covered through MCHP.

Background: In fiscal 2006, Medicaid and MCHP served almost 400,000 (60%) of the estimated 660,000 Maryland children with family incomes at or below 300% FPG and more than one-quarter of all children in Maryland.

A May 2007 study by the Kaiser Commission on Medicaid and the Uninsured found that awareness and understanding of Medicaid and state children's health insurance programs are uneven among low-income parents. Many low-income parents with uninsured children assume that Medicaid and SCHIP are "not for working families" and that their earnings are too high for their children to qualify.

State Expenditures: General fund expenditures for the Comptroller's Office could increase by an estimated \$342,780 in fiscal 2010, which assumes that notices will be mailed beginning in April 2010 following receipt of tax year 2009 returns. This estimate reflects the cost of paper, printing, and postage. The information and assumptions used in calculating the estimate are stated below:

- in tax year 2005, approximately 546,000 returns had an adjusted gross income under 300% FPG and a dependent child;
- assuming 2% growth in eligible returns annually, approximately 591,000 such returns will be filed in tax year 2009; and
- the cost for paper, printing, and postage per notice will be \$0.58 in fiscal 2010.

Future year expenditures reflect • 2% annual increases in eligible returns; and • 2% inflation for the cost of printing notices.

Additional Comments: To the extent that the bill results in increased enrollment in Medicaid or MCHP, Department of Health and Mental Hygiene expenditures (50% general funds, 50% federal funds for Medicaid and 35% general funds, 65% federal funds for MCHP) could increase beginning in fiscal 2011. Department of Human Resources

expenditures (50% general funds, 50% federal funds) could potentially increase to perform intake of additional Medicaid and MCHP enrollees. The extent of that increase cannot be reliably estimated at this time.

Exhibit 1 displays 2008 FPG by family size.

Exhibit 1
2008 Federal Poverty Guidelines

<u>Family Size</u>	<u>300% FPG</u>
2	\$42,000
3	\$52,800
4	\$63,600
5	\$74,400

Additional Information

Prior Introductions: None.

Cross File: HB 1153 (Delegate Hucker, *et al.*) –Health and Government Operations.

Information Source(s): *Enrolling Children in Medicaid and SCHIP: Insights from Focus Groups with Low-Income Parents*, Michael Perry and Julia Paradise, May 2007; Comptroller's Office; Department of Legislative Services

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