

Department of Legislative Services  
Maryland General Assembly  
2009 Session

FISCAL AND POLICY NOTE  
Revised

House Bill 500 (Delegate Tarrant, *et al.*)  
Health and Government Operations

Finance

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Baltimore City - Medical Assistance Programs - Eligibility and Enrollment  
Information Mailings to Students

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This bill requires Baltimore City Public School System (BCPSS) and the Department of Health and Mental Hygiene (DHMH) to increase outreach for Medicaid and the Maryland Children's Health Program (MCHP) to parents and guardians in Baltimore City whose students are enrolled in the National School Lunch Program (NSLP).

The bill takes effect July 1, 2009, and terminates June 30, 2011.

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Fiscal Summary

**State Effect:** The bill's requirement to send eligibility and enrollment information about Medicaid and MCHP to specified parents or guardians can be handled with existing DHMH budgeted resources. To the extent the bill results in increased enrollment in Medicaid and MCHP, DHMH expenditures increase by a potentially significant amount. No effect on revenues.

**Local Effect:** The bill's requirement to provide notice to the parents and guardians of Baltimore City students who are enrolled in NSLP can be handled with existing BCPSS budgeted resources. No effect on revenues.

**Small Business Effect:** None.

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Analysis

**Bill Summary:** By August 1 of each year, BCPSS and DHMH have to enter into a specified written agreement. Under this agreement, BCPSS must disclose the name, address, and eligibility information of each student in Baltimore City who is enrolled in

NSLP to DHMH unless the student's parent or guardian opts out. DHMH must send eligibility information about Medicaid and MCHP to every student whose information is disclosed by BCPSS who is not already enrolled in Medicaid or MCHP. The agreement must specify that DHMH may only use information disclosed by BCPSS for specified purposes, describe how information will be protected from unauthorized use, and describe penalties for unauthorized use or disclosure.

By November 1 of each year, BCPSS must notify in writing each parent or guardian in Baltimore City whose student is enrolled in NSLP that (1) certain information will be disclosed to DHMH unless the parent or guardian opts out; (2) parents and guardians are not required to consent to disclosure; (3) the information will be used only to send eligibility and enrollment information for Medicaid and MCHP; and (4) the decision of the parent does not affect eligibility for NSLP.

By December 31 of each year, DHMH must send eligibility and enrollment information about Medicaid and MCHP to the parent or guardian of every student whose information is disclosed by BCPSS.

By June 30, 2011, DHMH must report to the General Assembly on the effectiveness of the eligibility and enrollment information mailings.

**Current Law:** Chapter 692 of 2008 requires the Comptroller to send taxpayers with a dependent child and incomes up to the highest income eligibility standard for Medicaid or MCHP (currently 300% of federal poverty guidelines (FPG)) a notice that their dependent child may be eligible for Medicaid or MCHP, including how to enroll in the programs.

Under Chapter 692, DHMH has mailed more than 150,000 letters to parents with incomes up to 116% FPG and nearly 300,000 letters to families with children with household incomes up to 300% FPG that they may be eligible for Medicaid or MCHP. Chapter 7 of the 2007 special session expanded Medicaid eligibility, effective July 1, 2008, to parents and caretaker relatives with a dependent child living in the home and annual household income up to 116% FPG. Students from families with incomes up to 185% FPG are eligible for NSLP, which allows students to receive free or reduced price meals.

**Background:** DHMH and the Maryland State Department of Education (MSDE) work together with respect to eligibility for Medicaid, MCHP, and NSLP. DHMH informs MSDE of children enrolled in Medicaid or MCHP and these children are automatically enrolled in NSLP through direct certification. At the start of each school year, students are provided with a meal benefit form or application for NSLP. Once application information is verified by the school system, eligible students are entered into the system. Each school system maintains records of children enrolled in NSLP. Federal regulations

allow this information to be shared with Medicaid and MCHP for purposes of providing eligibility and enrollment information.

The Medicaid program provides health care coverage to approximately 590,000 Marylanders. Eligibility is limited to children, pregnant women, elderly or disabled individuals, and certain parents and caretaker relatives. MCHP offers comprehensive health care coverage to low-income children younger than 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 given the opportunity to enroll in the MCHP premium plan and required to pay monthly premiums depending on income. In fiscal 2009, approximately 111,000 children will be covered through MCHP.

NSLP provides funding to enable schools to offer a nutritious school lunch. Children from families with incomes up to 130% FPG are eligible for free meals. Those with incomes between 130% and 185% FPG are eligible for reduced price meals, for which students can be charged no more than \$0.40.

For the 2007-2008 school year, 52,853 children in Baltimore City were approved to receive free lunch, while 7,216 were approved to receive reduced price lunch. These students represented 73% of total enrollment in Baltimore City schools.

**State Fiscal Effect:** Legislative Services assumes that the bill is implemented as follows in fiscal 2010 and 2011:

- BCPSS prints approximately 70,000 notices for parents and guardians (one for each child enrolled in NSLP) at a minimal cost;
- BCPSS distributes the notices with the current meal benefit forms at the start of the 2009-2010 and 2010-2011 school years;
- BCPSS discloses to DHMH the name, address, and eligibility information of each student in Baltimore City who is enrolled in NSLP, unless the parent or guardian opts out;
- DHMH runs this data against current Medicaid and MCHP enrollment information and removes the names of students currently enrolled in Medicaid or MCHP (68,554 Baltimore City children are currently enrolled in Medicaid or MCHP);
- DHMH sends eligibility and enrollment information to students identified as potentially eligible for, but not enrolled in, Medicaid or MCHP.

Legislative Services estimates that these functions can be handled with existing budgeted resources. To the extent that additional administrative actions are required, DHMH expenditures may increase. Any potential increase is expected to be minimal.

To the extent the bill results in increased enrollment in Medicaid and MCHP, DHMH expenditures (50% general funds, 50% federal funds for Medicaid and 35% general funds, 65% federal funds for MCHP) increase beginning in fiscal 2010. Department of Human Resources expenditures (50% general funds, 50% federal funds) may also increase to perform intake of additional Medicaid and MCHP enrollees. The extent of that increase cannot be reliably estimated at this time.

*For illustrative purposes only*, the average annual cost to cover a child in Medicaid or MCHP is estimated to be \$2,340 in fiscal 2010; therefore, for every 1,000 new enrollees, total Medicaid expenditures could increase by \$2.3 million, not including administrative expenses. Medicaid and MCHP costs are expected to increase by 5% annually in future years. Conversely, increases in the number of insured children may reduce uncompensated care costs in the State.

**Local Fiscal Effect:** Legislative Services estimates that the functions required of BCPSS can be handled with existing budgeted resources. To the extent that additional administrative actions are required, BCPSS expenditures may increase. Any potential increase is expected to be minimal.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Baltimore City, Maryland State Department of Education, Department of Health and Mental Hygiene, Department of Legislative Services

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