SB 778

Department of Legislative Services

Maryland General Assembly
2009 Session

FISCAL AND POLICY NOTE

Senate Bill 778 (Senator Della)
Finance

Continuing Care - Department of Aging and Maryland Insurance Administration - Transfer of Oversight

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This bill transfers the responsibility of continuing care oversight from the Maryland Department of Aging (MDoA) to the Maryland Insurance Administration (MIA). MIA, in consultation with LifeSpan Network and the continuing care retirement community, must study and report to the Governor and the General Assembly on the provisions governing continuing care and methods for streamlining and simplifying the continuing care process by January 1, 2010.

Fiscal Summary

State Effect: General and/or special fund expenditures increase by $110,400 in FY 2010 to transfer the oversight of continuing care in the State from MDoA to MIA. Whereas MDoA operates the program with four full-time equivalent employees, MIA will operate the program with six full-time staff, for a net effect of MIA hiring two additional employees. Future years reflect annualization and inflation. MIA can handle the bill's reporting requirement with existing resources. Revenues are not affected.

(in dollars)	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Revenues	$0	$0	$0	$0	$0
GF/SF Exp.	110,400	139,500	146,300	153,400	160,800
Net Effect	($110,400)	($139,500)	($146,300)	($153,400)	($160,800)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law/Background: MDoA's Continuing Care Division regulates continuing-care retirement communities (CCRCs). CCRCs offer a full range of housing, residential services, and health care in order to serve their older residents as their medical needs change over time. A CCRC is intended to supply a continuum of care throughout the lifetime of its senior residents. It does so by maintaining various on-site medical and social services facilities. These facilities and services allow residents to enter into the community while still relatively healthy and then move on to more intensive care as it becomes necessary. Most CCRCs have nursing facilities on site or contract with nursing homes that are nearby.

The division also regulates continuing care at home, which includes health services and assistance with the maintenance of a person's dwelling.

MIA is an independent State agency that regulates Maryland's $26 billion insurance industry by monitoring insurer solvency and compliance, investigating consumer complaints, reviewing insurance rates, educating consumers, and licensing approximately 1,500 insurance companies and 110,000 insurance producers. MIA is special funded with insurance regulatory fees.

State Fiscal Effect: State expenditures increase by $110,423 in fiscal 2010 for MIA to conduct oversight responsibilities previously handled by MDoA. While MDoA operates its Continuing Care Division with four full-time equivalent employees, MIA advises that it needs six full-time staff to oversee continuing care in the State given that CCRC oversight is outside of its scope of normal activities. Therefore, the net effect to the State is the hiring of two additional employees for MIA to operate the program. The estimate includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Positions	2
Salaries and Operating Expenses	$101,398
Operating Expenses	1,440
Start-up Costs	7,585
Total FY 2010 Expenditures	**$110,423**

Future year expenditures reflect full salaries with 4.4% annual increases, 3% employee turnover, and 1% increases in ongoing operating expenses.

MDoA's Continuing Care Division operates with six staff members. However, only two staff members are dedicated to division activities on a full-time basis. The other four employees work part-time on division activities and are otherwise dedicated to other

MDoA functions. It is unclear whether any employees will be transferred from MDoA to MIA under the bill. If so, it is likely that only the two staff members that work for the division on a full-time basis will transfer to MIA to bring institutional knowledge. It is likely that the other employees will stay with MDoA and be reassigned to other functions within the department. To the extent that the other four employees are absorbed into other MDoA functions, State expenditures increase further, by costs associated with two additional staff members for MIA, a net increase of four.

In addition, MDoA is responsible for reviewing feasibility studies prepared by entities who want to develop CCRCs. MDoA contracts with consultants to perform these reviews and has budgeted $20,000 in fiscal 2009 for this purpose. Legislative Services assumes that, under the bill, this responsibility will be borne by MIA, which will have to take over MDoA's current contract or renegotiate a new one.

Additional Information

Prior Introductions: None.

Cross File: HB 952 (Delegate Hubbard, *et al.*) - Health and Government Operations.

Information Source(s): Department of Legislative Services

Fiscal Note History: First Reader - March 9, 2009
ncs/mwc

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