

Department of Legislative Services
 Maryland General Assembly
 2009 Session

FISCAL AND POLICY NOTE

House Bill 1279 (Delegate Mizeur)
 Health and Government Operations

Maryland Medical Assistance Program - Family Planning Services - Eligibility

This bill expands eligibility for family planning services in the Medicaid program to all women whose family income is at or below 250% of federal poverty guidelines (FPG).

The bill takes effect July 1, 2009.

Fiscal Summary

State Effect: Medicaid expenditures increase by \$11.2 million beginning in FY 2010 to expand eligibility for family planning services, including \$2.5 million in one-time-only costs for computer programming and \$8.7 million in ongoing expenditures for personnel and service costs. A 50% federal match is anticipated on computer programming expenses and an 80% federal match is anticipated on personnel and service expenses. Medicaid expenditures will be offset by savings from a reduction in unintended pregnancies and Medicaid births. The amount of these savings cannot be reliably estimated but is anticipated to be significant. Future years reflect program growth and inflation. No effect on revenues.

| (\$ in millions) | FY 2010 | FY 2011 | FY 2012 | FY 2013 | FY 2014 |
|------------------|----------|---------|---------|----------|----------|
| Revenues | \$0 | \$0 | \$0 | \$0 | \$0 |
| GF Expenditure | 3.0 | 1.8 | 1.9 | 2.1 | 2.2 |
| FF Expenditure | 8.2 | 7.3 | 7.8 | 8.3 | 8.8 |
| Net Effect | (\$11.2) | (\$9.2) | (\$9.7) | (\$10.3) | (\$10.9) |

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

Local Effect: Local health departments may be able to serve additional clients through the Title X Family Planning Program to the extent individuals served under that program are found eligible for Medicaid family planning services.

Small Business Effect: Potential meaningful. Provider reimbursement for family planning services may increase as additional women gain access to family planning services.

Analysis

Current Law: Eligibility for family planning services under Medicaid (and the Primary Adult Care Program) is limited to women with incomes up to 116% FPG. Women with incomes up to 250% FPG may retain family planning coverage for five years following a birth paid for by Medicaid. This population must complete an active annual redetermination of benefits to retain coverage.

The Department of Health and Mental Hygiene's Family and Community Health Administration provides family planning services through the Title X Family Planning Services Program. This program provides free or sliding scale fee-for-service family planning services to women who are ineligible for Medicaid family planning services through local health departments, Planned Parenthood clinics, and other outpatient units. This program is funded with a total of \$12.0 million (\$8.0 million in general funds and \$4.0 million in federal funds) and serves approximately 75,000 Maryland women.

Background: Typically, family planning services provide pelvic exams; screenings for breast and reproductive cancer, high blood pressure, and diabetes; tests for sexually transmitted diseases; and where appropriate, counseling and prescription for contraception.

Expanding access to family planning services has proven to be cost-effective. A 2003 study funded by the federal Centers for Medicare and Medicaid Services found that expansion programs increase access to care, improve availability of services, and save money. The report notes that several states each saved at least \$15.0 million as a result of expanding their family planning coverage.

State Expenditures: Medicaid expenditures increase by \$11.2 million in fiscal 2010, which accounts for the bill's July 1, 2009 effective date. This estimate reflects the cost of reprogramming the Medicaid eligibility computer system to add a new coverage group, hiring six eligibility workers to process and enroll individuals, and family planning service costs. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses. This estimate is based on the following facts and assumptions:

- approximately 68,500 Maryland women ages 19 to 44 are uninsured and have incomes between 116% and 250% FPG;

- 34,250 (50%) will be eligible for and enroll in Medicaid under the expansion;
- of these 34,250 women, 7,875 currently receive family planning services under the Title X program;
- the per enrollee cost for family planning services in fiscal 2010 will be \$244;
- total family planning service costs will be \$8.4 million;
- an 80% federal matching rate will be provided for personnel and family planning service costs; and
- a 50% federal matching rate will be provided for computer programming expenses.

| | |
|-----------------------------------|---------------------|
| Positions | 6 |
| Family Planning Service Costs | \$8,357,000 |
| Computer Programming | 2,500,000 |
| Salaries and Fringe Benefits | 298,407 |
| Operating Expenses | <u>40,050</u> |
| Total FY 2010 Expenditures | \$11,195,457 |
| General Funds | \$2,989,091 |
| Federal Funds | \$8,206,366 |

Expansion of family planning services to uninsured women with incomes between 116% and 250% FPG will result in savings to the Medicaid program due to an anticipated reduction in the number of Medicaid births, pregnancy and labor complications, low birth weight babies, infant mortality, and sexually transmitted diseases. The amount of this savings cannot be reliably estimated at this time but is expected to be significant.

For illustrative purposes only, Medicaid pays for approximately 11,000 births annually for women with incomes up to 250% FPG under the “SOBRA” eligibility category. The average cost of a Medicaid birth (including prenatal care, delivery, and newborn care) is \$19,000. For every 100 unplanned pregnancies prevented through family planning services, Medicaid could save \$1.9 million. This figure approximates the general fund share of expanding family planning services under the bill. The general fund share for personnel and services will be \$1.7 million in fiscal 2010 and \$2.2 million in fiscal 2014.

Furthermore, to the extent women currently served under the Title X Family Planning Program are found eligible for Medicaid family planning services, capacity in that program will increase. Medicaid estimates that approximately 7,875 women currently served under Title X will transition to Medicaid under the bill. This would allow nearly 8,000 additional women to receive family planning services in the State.

Future year expenditures reflect (1) full salaries with 4.4% annual increases and 3% employee turnover; (2) 1% annual increases in ongoing operating expenses; (3) 1% annual growth in the number of enrollees; and (4) 5% medical inflation on the cost of family planning services.

Additional Comments: Exhibit 1 displays 2009 FPG by family size.

Exhibit 1
2009 Federal Poverty Guidelines

| <u>Family Size</u> | <u>116% FPG</u> | <u>250% FPG</u> |
|--------------------|-----------------|-----------------|
| 1 | \$12,563 | \$27,075 |
| 2 | 16,901 | 36,425 |
| 3 | 21,240 | 45,775 |
| 4 | 25,578 | 55,125 |
| 5 | 29,916 | 64,475 |

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): National Women's Law Center, Guttmacher Institute, Department of Health and Mental Hygiene, Department of Legislative Services

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mcp/mwc

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