

Department of Legislative Services  
Maryland General Assembly  
2010 Session

FISCAL AND POLICY NOTE

Revised

House Bill 1424

(Chair, Health and Government Operations  
Committee)(By Request - Departmental - Health and  
Mental Hygiene)

Health and Government Operations

Finance

---

Medicaid State Plan Amendments - Effective Dates

---

This departmental bill specifies that Medicaid State Plan Amendments (SPA) and Medicaid waiver applications and modifications are effective on the date specified in the *Maryland Register* notice. The bill does not apply to SPA 04-27 if the cost settlement related to that SPA is in effect November 1, 2010.

The bill takes effect June 1, 2010.

---

Fiscal Summary

**State Effect:** None, since the bill codifies current practice. However, in doing so, the bill helps protect against potential damage claims that the State is not in compliance with federal Medicaid standards.

**Local Effect:** None.

**Small Business Effect:** The Department of Health and Mental Hygiene (DHMH) has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

---

## Analysis

**Current Law/Background:** DHMH operates the Medicaid program jointly with the federal government. The State Medicaid Plan is the document that defines how Maryland operates its Medicaid program. The State Plan provides a broad overview of program administration, eligibility criteria, service coverage, and provider reimbursement. The State Plan (and any SPAs) is submitted to the federal Centers for Medicare and Medicaid Services (CMS) for approval and provides a public record of the rules that operate under the State's Medicaid program.

When DHMH submits an SPA to CMS, a copy must be provided to the members of the Medicaid Advisory Committee.

CMS approval of SPAs can be complicated and time consuming. Once approved, DHMH begins the process of developing implementation regulations, which can lead to further delays that prompt legal actions in which plaintiffs seek damages and other relief against the State.

DHMH advises that, by clarifying that SPAs are effective on the later of their federally approved effective date or the dates specified in the *Maryland Register* notice, the bill provides the State's Medicaid program with the flexibility to implement SPAs and protect against potential damages claims that the State is not in compliance with federal regulations.

SPA 04-27, which took effect April 1, 2004, prohibits post-eligibility deductions for Medicaid enrollees who seek State payment of medical costs they incurred *prior to* becoming eligible for Medicaid. The State recently settled a case regarding this SPA.

---

## Additional Information

**Prior Introductions:** A similar bill, SB 1064 of 2009, was referred to the Senate Finance Committee but was withdrawn.

**Cross File:** None.

**Information Source(s):** Department of Health and Mental Hygiene, Department of Legislative Services

**Fiscal Note History:** First Reader - March 19, 2010  
mlm/mwc Revised - House Third Reader - April 7, 2010

---

Analysis by: Sarah K. Volker

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510



ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Medicaid Program State Plan Amendments – Effective Dates

BILL NUMBER: HB 1424

PREPARED BY: Department of Health and Mental Hygiene

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

The proposed legislation will have no impact on small business in Maryland.