Department of Legislative Services

Maryland General Assembly
2012 Session

FISCAL AND POLICY NOTE

Senate Bill 950 (Senator Middleton)
Finance

Maryland Medical Assistance Program - Public Disclosure of Information

This bill requires the Department of Health and Mental Hygiene (DHMH), beginning January 1, 2013, to regularly disclose specified information to the public about the Medicaid Program. DHMH must annually report to specified committees of the General Assembly on its efforts to make such information available to the public as required under the bill.

Fiscal Summary

State Effect: Medicaid expenditures increase, by a potentially significant amount, in FY 2013 to revise financial reporting by Medicaid managed care organizations (MCOs) and to reprogram the Medicaid Management Information System (MMIS) to capture provider claims level data from MCOs. The exact amount of such expenditures cannot be reliably estimated at this time.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: On a quarterly basis, DHMH must disclose (1) enrollee utilization by provider type; (2) the number of providers accepting new patients by region for managed care enrollees; (3) enrollment data by eligibility category; (4) cash on hand; (5) budgeted and actual expenditures by provider type; and (6) budgeted and actual revenues by revenue type. On an annual basis, DHMH must disclose the models it uses to determine

unit rate updates for each provider category as part of its annual budget submission, including the assumptions used in the department's budget.

Current Law: Medicaid is a joint federal and state program that provides assistance to indigent and medically indigent individuals. Medicaid eligibility is limited to children, pregnant women, elderly or disabled individuals, and low-income parents. To qualify for benefits, applicants must pass certain income and asset tests. Federal law requires Medicaid to assist Medicare recipients with incomes below the federal poverty level in making their coinsurance and deductible payments. Most Medicaid recipients in Maryland are required to enroll in an MCO through HealthChoice, the statewide mandatory managed care program. Populations excluded from HealthChoice are served through fee-for-service (FFS) – generally the institutionalized and individuals who are dually eligible for Medicaid and Medicare.

Article III, § 53(3) of the Maryland Constitution requires the Governor, by the third Wednesday in January (or no later than the tenth day of the legislative session for a newly elected Governor) to submit to the General Assembly a budget for the next fiscal year.

DHMH must annually review Medicare rates and compare those rates with FFS and MCO rates in Medicaid. DHMH must report to the Senate Finance and the House Health and Government Operations committees on (1) Maryland FFS and MCO rates compared with Medicare; (2) whether FFS and MCO rates will exceed Medicare rates; (3) how FFS rates in other states compare with those in Maryland; (4) a schedule for bringing FFS rates to a level that assures that providers are reimbursed adequately to provide access to care; and (5) the estimated costs of implementing the Medicare schedule and any proposed changes to FFS rates for Medicaid and the Maryland Children's Health Program.

Background: According to DHMH, some of the items required to be reported under the bill are routinely collected by Medicaid now, including the number of providers accepting new patients by region for MCO enrollees, enrollment data by eligibility category, and budgeted and actual revenues by revenue type. Cash on hand is not available as the Medicaid program (as with State agencies generally) does not carry cash on hand. Other information, such as enrollee utilization by provider type and budgeted and actual expenditures by provider type, is also available *but only for FFS enrollees*. This is because MCOs are considered a provider type and, while the capitation rates paid to MCOs are reported, the specific payments to individual providers made by MCOs are not. Thus, while Medicaid routinely collects *encounter* data for MCO enrollees, it does not collect *payment* data. DHMH advises that collection of enrollee utilization and budgeted and actual expenditures by provider type from MCOs would require reprogramming of MMIS.

The Governor's proposed budget is routinely submitted to the General Assembly on the third Wednesday in January. However, the models and assumptions used to prepare each department's budget are not made available to the public. The bill would require DHMH to make available to the public information about the Medicaid budget before the proposed budget itself is officially submitted to the General Assembly.

State Fiscal Effect: Medicaid expenditures increase by a potentially significant amount beginning in fiscal 2013 to revise financial reporting by MCOs and to reprogram MMIS to collect specific provider payment claims data from MCOs. According to DHMH, reprogramming of MMIS could cost as much as $1.0 million (75% federal funds, 25% general funds) in fiscal 2013. Furthermore, DHMH advises that as many as three additional full-time positions (accountants) would be required to fulfill the bill's reporting requirement at a cost of $145,000 (50% federal funds, 50% general funds) in fiscal 2013, to reflect the bill's October 1, 2012 effective date, and approximately $200,000 annually thereafter.

As part of federal health care reform, Medicaid is creating a new MMIS that is set to be operational in fiscal 2015. However, as the bill requires information to be reported beginning January 1, 2013, Legislative Services concurs that some reprogramming of the current MMIS system and alternations to MCO financial reporting will be necessary. Legislative Services disagrees that three full-time positions would be required to fulfill the bill's reporting requirements. However, insufficient information is available to determine what, if any, additional staff may be necessary or to project actual expenditures for reprogramming of MMIS at this time. Given the scope of the changes and the timeframe proposed by the bill, the additional Medicaid expenditures could be significant.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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mlm/mwc

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