

Department of Legislative Services
 Maryland General Assembly
 2015 Session

FISCAL AND POLICY NOTE

House Bill 949 (Delegate Kelly, *et al.*)
 Health and Government Operations

Task Force to Study the Provision of Health Care Coverage to Uninsured Marylanders

This bill establishes the Task Force to Study the Provision of Health Care Coverage to Uninsured Marylanders to study the availability of health care coverage and make recommendations on extending coverage to all State residents. The task force must submit an interim report by January 1, 2016, and a final report by January 1, 2017, to specified committees of the General Assembly. The University System of Maryland (USM) must provide staff for the task force.

The bill takes effect July 1, 2015, and terminates June 30, 2017.

Fiscal Summary

State Effect: General fund expenditures for USM increase by at least \$100,000 to staff the task force, complete assessments and analyses, and submit the required reports. Expenditures are estimated at \$50,000 per year in FY 2016 and 2017 only. Participation in the task force increases expenditures for other State entities by a minimal amount and requires resources to be redirected from other activities. Revenues are not affected.

(in dollars)	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	50,000	50,000	0	0	0
Net Effect	(\$50,000)	(\$50,000)	\$0	\$0	\$0

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The 21-member task force includes 2 members of the Senate and 3 members of the House of Delegates. The President of the Senate and the Speaker of the House must designate the chair of the task force, as well as 12 specified members of the task force. A member of the task force may not receive compensation but is entitled to reimbursement for standard travel expenses.

The task force must (1) identify the categories of Maryland residents who are excluded from health care coverage under the federal Patient Protection and Affordable Care Act (ACA) and without health care coverage; (2) assess the effect of the exclusion from coverage on the health care industry; (3) examine State and local policies needed to address the exclusion from coverage; (4) examine barriers to access to health care services by uninsured categories; (5) compare, by service category, the volume and cost of uncompensated or undercompensated services provided to uninsured Maryland residents and determine who is bearing such costs; (6) compare the cost of providing coverage to uninsured Maryland residents to the cost of health care currently provided to uninsured residents by county; (7) examine federal, State, and local models or proposals for providing health care to the uninsured; (8) examine potential cost savings realized through the provision of preventive health care to uninsured residents of the State; (9) determine how health financing mechanisms in the State may be modified to expand coverage to uninsured residents; (10) determine the contributions that uninsured Maryland residents who are ineligible for health care coverage make to the State's economy; (11) determine potential sources of funding for expanding coverage; (12) collect case studies on the impact of the lack of coverage on Maryland residents; (13) study and make recommendations regarding policy mechanisms to expand coverage to each category of uninsured Maryland residents; and (14) make recommendations regarding the costs and benefits to the State and the health care industry of expanding coverage to all Maryland residents.

Current Law: ACA was enacted in 2010 to expand health care coverage, control health care costs, and improve the health care delivery system. Major features of the law include individual and employer mandates, expansion of Medicaid eligibility, creation of health benefit exchanges, premium and cost-sharing subsidies, and various changes to private insurance intended to make it easier to obtain insurance and protect patients.

Under ACA, Medicaid eligibility in Maryland covers almost all adults with incomes at or below 138% of federal poverty guidelines (FPG). As before ACA, undocumented immigrants are ineligible for Medicaid. In most cases, a noncitizen must be a qualified alien in order to receive Medicaid coverage. Most qualified aliens must be lawfully present for five years before they are Medicaid-eligible (with a limited number of humanitarian exceptions). Most nonqualified aliens and qualified aliens who have not yet met the five-year bar are eligible for emergency medical services only. Lawfully residing pregnant

women and children (both qualified and nonqualified) are eligible for Medicaid and are not subject to the five-year bar.

Also under ACA, individuals with incomes between 138% and 400% FPG can purchase a qualified health plan (QHP) and may be eligible for federal premium tax credits through the Maryland Health Benefit Exchange (MHBE). The amount of the tax credit is based on income and the cost of insurance. Tax credits are only available to people who are not eligible for other coverage (*i.e.*, Medicaid, Medicare, or employer-sponsored coverage) and who are citizens or lawfully present immigrants. Citizens and lawfully present immigrants with incomes greater than 400% FPG can purchase a QHP through MHBE with no subsidy.

Background: According to the 2014 Gallup-Healthways Well-Being Index, Maryland is among the states that saw the biggest change in its uninsured rate between 2013 and 2014; about 7.8% of Marylanders were uninsured in 2014, compared to 12.9% in 2013.

Prior to implementation of ACA, the Kaiser Family Foundation (KFF) estimated eligibility for coverage as of 2014 for the then estimated 756,000 uninsured Maryland residents. KFF projected that 40% of the uninsured would likely gain coverage under Medicaid, 20% would likely be eligible for federal tax credits, and 23% would be eligible to purchase unsubsidized coverage through MHBE or could obtain employer-sponsored coverage. The remaining 17% of uninsured Marylanders in 2014 (128,500 individuals) were estimated to be undocumented immigrants who would continue to be ineligible for Medicaid and would not be eligible to receive tax credits or purchase coverage through MHBE. KFF noted that this group is “likely to remain uninsured, though they will still have a need for health care services.”

Several models seek to address lack of access to coverage for undocumented immigrants. The task force is directed to examine such models or proposals, which include:

- *California Health for All Act:* Legislation has been introduced in California that would extend eligibility for Medicaid to low-income undocumented immigrants and allow undocumented immigrants to purchase QHPs on a newly created California Health Benefit Exchange Program for All Californians.
- *DC Healthcare Alliance Program:* The DC HealthCare Alliance program is designed to provide Medicaid to needy DC residents who are not eligible for federally financed Medicaid benefits. This includes qualified aliens who do not meet the immigration requirements needed to be eligible for Medicaid and nonqualified aliens.
- *Children’s Health Insurance Program Unborn Child Option:* Under this option, states can use federal Children’s Health Insurance Program funds to provide prenatal care to pregnant women regardless of their immigration status as they are technically covering the “unborn child” who has no immigration status.

- **Montgomery Cares Program:** Montgomery Cares is a group of community-based health care providers that serve uninsured adults regardless of immigration status. To be eligible, an individual must be age 18 or older, be uninsured, have an income at or below 250% FPG, and reside in Montgomery County.

State Expenditures: The task force is charged with several technical tasks, including assessing the effect of excluding certain individuals from eligibility for health insurance coverage on the health care industry, comparing uncompensated or undercompensated care and determining who is bearing such costs, and determining the contributions uninsured Maryland residents who are ineligible for health care coverage make to the State's economy. Thus, USM would, at a minimum, need to contract with experts in the fields of health care and economics to complete some of the required duties. General fund expenditures for USM increase by a minimum of \$100,000 for contractual services to assist the task force, conduct the required assessments, and submit the interim and final reports. Expenditures of at least \$50,000 in fiscal 2016 and at least \$50,000 in fiscal 2017 are assumed.

Participation on the task force also increases expenditures for other State entities with membership (including the Department of Health and Mental Hygiene and MHBE) by a minimal amount and requires resources to be redirected from other activities.

Additional Information

Prior Introductions: None.

Cross File: SB 471 (Senator Nathan-Pulliam, *et al.*) - Finance.

Information Source(s): Kaiser Family Foundation, 2014 Gallup-Healthways Well-Being Index, Maryland Insurance Administration, Department of Health and Mental Hygiene, Department of Legislative Services

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