

Department of Legislative Services  
 Maryland General Assembly  
 2018 Session

FISCAL AND POLICY NOTE  
 First Reader

House Bill 1064 (Delegates West and Kipke)  
 Health and Government Operations

Maryland Medical Assistance Program - Home- and Community-Based Waiver  
 Services - Prohibition on Denial

This bill prohibits the Maryland Department of Health (MDH) from denying an individual access to a Medicaid home and community-based services waiver due to lack of funding for the waiver if the individual is discharged from a hospital, skilled nursing facility, or rehabilitation facility directly to the individual’s home and waiver services for the individual are eligible to be paid by Medicaid within 45 days after the discharge. An individual must meet other specified waiver criteria. **The bill takes effect July 1, 2018.**

Fiscal Summary

**State Effect:** Medicaid expenditures increase by *at least* \$46.8 million (50% general funds, 50% federal funds) beginning in FY 2019, as discussed below. Federal fund revenues increase correspondingly. Future years reflect inflation in waiver service costs.

(\$ in millions)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
FF Revenue	\$23.4	\$29.8	\$32.0	\$33.0	\$33.7
GF Expenditure	\$23.4	\$29.8	\$32.0	\$33.0	\$33.7
FF Expenditure	\$23.4	\$29.8	\$32.0	\$33.0	\$33.7
Net Effect	(\$23.4)	(\$29.8)	(\$32.0)	(\$33.0)	(\$33.7)

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

**Local Effect:** None.

**Small Business Effect:** Meaningful.

## Analysis

**Current Law:** Medicaid home and community-based waivers allow individuals to receive long-term care services in the community rather than an institutional setting. MDH may not deny an individual access to a Medicaid home and community-based services waiver due to lack of funding for the waiver if:

- the individual is living in a nursing facility at the time of application for waiver services;
- at least 30 consecutive days of the individual's nursing facility stay are eligible to be paid for by Medicaid;
- the individual meets all of the eligibility criteria for participation in the home and community-based services waiver; and
- the home and community-based services provided to the individual would qualify for federal matching funds.

**Background:** The Medicaid Community Options Waiver serves Maryland residents ages 18 and older who need assistance with activities of daily living, such as bathing, grooming, dressing, and getting around. To be eligible for the waiver, an individual must require a nursing facility level of care based on a uniform medical assessment. An individual's income and assets are reviewed to determine financial eligibility for Medicaid. An individual's monthly income may not exceed 300% of Social Security Income benefits, and countable assets may not exceed \$2,000 or \$2,500, depending on eligibility category. An individual can come into the waiver directly from a nursing facility (if *full* Medicaid eligibility has already been established and at least one full day in the nursing facility has been paid by Medicaid). Additionally, a certain portion of community residents are invited to apply based on the waiver registry. The waiver has a limited number of slots, and the program controls enrollment based on these application paths.

**State Fiscal Effect:** Medicaid advises that the bill expands the number of eligible applicants to the Community Options Waiver by bypassing the required minimum of one Medicaid fully paid day prior to application and allowing any person who spent time in a hospital, nursing facility, or rehabilitation facility setting (regardless of payer) to apply for the waiver without restrictions.

Therefore, Medicaid expenditures increase by *at least* \$46.8 million (50% general funds, 50% federal funds) in fiscal 2019, which accounts for the bill's July 1, 2018 effective date. Federal matching fund revenues increase correspondingly. This estimate reflects the cost to provide waiver services to additional individuals discharged from *nursing facilities* who would not otherwise be eligible to apply for the waiver. The information and assumptions used in calculating this estimate are stated below:

- In fiscal 2017, nursing facilities discharged 4,927 individuals, all of whom would be eligible to apply for the waiver under the bill.
- An estimated 50% of these individuals (2,464) apply for the waiver.
- An estimated 50% of applicants (1,232) are found both medically and financially eligible for the waiver.
- The average monthly cost of waiver and nonwaiver Medicaid services is \$6,334.
- As applications will be made on a rolling basis, new waiver enrollees are enrolled in the waiver for an average of six months, at a cost of \$38,004.
- Retention of new enrollees declines by 75% annually.
- The federal matching fund rate is 50%.

This estimate *does not* reflect the cost of new applicants who have been discharged directly to their homes from a hospital or rehabilitation facility nor does it include any additional administrative expenses related to reviewing and approving additional waiver applications.

Future years reflect 2% inflation in the cost of waiver services.

**Small Business Effect:** Small business health care providers serve additional Community Options Waiver participants under the bill.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** SB 937 (Senator Kelley) - Finance.

**Information Source(s):** Maryland Department of Health; Department of Legislative Services

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Analysis by: Jennifer B. Chasse

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