

**Department of Legislative Services**  
Maryland General Assembly  
2018 Session

**FISCAL AND POLICY NOTE**  
**Third Reader - Revised**

Senate Bill 878

Finance

(Senator Feldman)

Health and Government Operations

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**Maryland Health Insurance Coverage Protection Commission – Medicaid Buy–In Study**

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This bill requires the Maryland Health Insurance Coverage Protection Commission to study and make recommendations regarding the feasibility of a Medicaid buy-in program to expand health care coverage choices for individuals purchasing coverage. The commission must include its findings and recommendations in the commission's annual report due by December 31, 2018. **The bill takes effect June 1, 2018.**

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### **Fiscal Summary**

**State Effect:** General fund expenditures increase by at least \$50,000 in FY 2019 only, as discussed below. Revenues are not affected.

(in dollars)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	50,000	0	0	0	0
Net Effect	(\$50,000)	\$0	\$0	\$0	\$0

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

**Local Effect:** None.

**Small Business Effect:** None.

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### **Analysis**

**Bill Summary:** The commission's study must address (1) the benefits and consequences of a Medicaid buy-in program; (2) the circumstances under which the State should consider

such a program; (3) eligibility criteria; (4) general parameters for a coverage package; (5) a financial structure; (6) the structure of a risk pool and the consequences of combining the buy-in risk pool with Medicaid; (7) an administrative structure; (8) an evaluation of whether a Medicaid waiver would be required to implement any commission recommendations; and (9) any other buy-in options that should be considered.

### **Current Law/Background:**

#### *Medicaid*

Medicaid eligibility is generally limited to children, pregnant women, elderly or disabled individuals, low-income parents, and childless adults. To qualify for benefits, applicants must pass certain income and asset tests. Effective January 1, 2014, Medicaid coverage was expanded to persons with household incomes up to 138% of federal poverty guidelines, as authorized under the federal Patient Protection and Affordable Care Act (ACA).

Medicaid funds a broad range of services. The federal government mandates that the State provide nursing facility services; hospital inpatient and outpatient services; x-ray and laboratory services; early and periodic screening, diagnosis, and treatment services for children; family planning services; transportation services; physician care; federally qualified health center and rural health clinic services; and some nurse practitioner services. The federal government also allows optional services that Maryland provides, including include vision care, podiatric care, pharmacy, medical supplies and equipment, intermediate-care facilities for the developmentally disabled, and institutional care for people over age 65 with mental diseases.

#### *Medicaid Buy-in Programs*

A Medicaid buy-in program makes a Medicaid benefit (likely different from the regular Medicaid benefit package to make buy-in more affordable) available to individuals with incomes above current Medicaid eligibility levels. A Medicaid buy-in option can be offered as a “public option” on the exchange or by allowing individuals to buy directly into the Medicaid program. Coverage can be offered either with or without subsidies. However, if a state chooses to provide subsidies, a federal Section 1332 waiver or Basic Health Program state plan amendment are required.

#### *Maryland Health Insurance Coverage Protection Commission*

Chapter 17 of 2017 established the Maryland Health Insurance Coverage Protection Commission to (1) monitor potential and actual federal changes to the ACA, Medicaid, the Maryland Children’s Health Program, Medicare, and the Maryland All-Payer Model; SB 878/ Page 2

(2) assess the impact of such changes; and (3) provide recommendations for State and local action to protect access to affordable health coverage. By December 31 each year, the commission must submit a report on its findings and recommendations. The commission is jointly staffed by the Department of Legislative Services, the Maryland Department of Health, and the Maryland Insurance Administration. The commission terminates June 30, 2020.

**State Expenditures:** General fund expenditures increase by at least \$50,000 in fiscal 2019 only for contractual actuarial services to assist the commission in making recommendations regarding a financial structure for the program, the structure of a risk pool, and the potential consequences of combining the buy-in risk pool with Medicaid.

This analysis does not reflect any potential fiscal impact associated with implementation of a Medicaid buy-in program in Maryland.

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## Additional Information

**Prior Introductions:** None.

**Cross File:** HB 1312 (Delegate Kelly, *et al.*) - Health and Government Operations.

**Information Source(s):** National Academy for State Health Policy; Maryland Department of Health; Maryland Health Benefit Exchange; Maryland Insurance Administration; Department of Legislative Services

**Fiscal Note History:** First Reader - February 18, 2018  
mm/ljm  
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