

Department of Legislative Services
 Maryland General Assembly
 2019 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 415 (Delegate Rosenberg)
 Economic Matters

Medical Assistance Employment Initiative Pilot Program

This bill establishes a Medical Assistance Employment Initiative Pilot Program in the Department of Labor, Licensing, and Regulation (DLLR). The Secretary of Labor, Licensing, and Regulation must administer the pilot program in collaboration with the Maryland Department of Health (MDH) and collect specified data to evaluate the effectiveness of the pilot program. The Governor must appropriate \$250,000 for the pilot program in fiscal 2021 through 2023. **The bill takes effect July 1, 2020, and terminates June 30, 2024.**

Fiscal Summary

State Effect: DLLR general fund expenditures increase by \$250,000 in FY 2021 through 2023 to administer the pilot program. MDH can provide assistance with existing budgeted resources. General funds increase minimally in FY 2024 to prepare and submit the required report on implementation of the pilot program. Revenues are not affected. **This bill establishes a mandated appropriation for FY 2021 through 2023.**

(in dollars)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	250,000	250,000	250,000	37,200	0
Net Effect	(\$250,000)	(\$250,000)	(\$250,000)	(\$37,200)	\$0

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The purposes of the pilot program are to (1) identify workforce development opportunities for participants; (2) gather information on existing workforce development programs; (3) gather and evaluate information on voluntary workforce development programs for Medicaid recipients in other states; (4) establish a plan for coordinating efforts and resources to provide workforce development opportunities to participants; and (5) implement a specified workforce development program. The Secretary may collaborate with employers to train and place participants.

Participation in the pilot program is voluntary and may not be construed to impose an employment program on a Maryland resident enrolled in Medicaid.

By November 1, 2023, the Secretary must report to the Governor and the General Assembly on the implementation of the bill.

Current Law/Background:

Department of Labor, Licensing, and Regulation Workforce Development Activities

DLLR's Division of Workforce Development and Adult Learning (DWDAL) has as its mission ensuring businesses have the skilled workforce they need to be competitive in today's environment, as well as helping people get jobs. Specifically, DWDAL serves the unemployed, jobless veterans, newly dislocated workers, trade-impacted workers, New Americans, ex-offenders, low-wage workers, and individuals with barriers to employment. As the State's main workforce development entity, DWDAL oversees operation of Maryland's 32 American Job Centers, with at least one such center located in each county of the State. DWDAL also oversees the Maryland Workforce Exchange, which is Maryland's job bank. Additionally, DWDAL oversees workforce programs for New Americans and veterans and the processing of a number of federal and State tax credits.

Medicaid Work Requirements

In March 2017, the federal Centers for Medicare and Medicaid Services (CMS) sent guidance to the states encouraging a new focus for Medicaid, targeting, in particular, the recent expansion of Medicaid to nondisabled, working-age adults without dependent children. The guidance outlined several focus areas, including supporting innovative approaches to increase employment and community engagement. In January 2018, CMS issued specific guidance to states seeking to impose work or community engagement requirements. CMS reiterated its support for such initiatives for "non-elderly, nonpregnant adult beneficiaries who are eligible for Medicaid on a basis other than disability."

As of January 2019, 15 states have submitted applications seeking to institute some form of work requirements as a condition of Medicaid eligibility. Seven state waivers have been approved, but not yet implemented, while the remaining eight applications are pending. The details of proposed work requirements vary by state but generally include a minimum number of employment hours, enrollment in an educational program, and/or participation in a volunteer or community program. Maryland has not submitted such an application.

Montana’s Health and Economic Livelihood Partnership Link

In contrast to work requirements, Montana created the Health and Economic Livelihood Partnership Link (known as HELP-Link) program, a workforce promotion program intended to reduce barriers to work for Montana’s Medicaid enrollees. According to the Center on Budget and Policy Priorities, the program targets outreach and services to the minority of Medicaid enrollees who do not have disabilities or similarly severe barriers to work but who are not working, often due to challenges such as limited skills and lack of access to transportation, child care, and other needed work supports. Montana’s approach targets Medicaid enrollees who are looking for work or better jobs, linking them with services such as career counseling, on-the-job training programs, and subsidized employment.

State Expenditures: DLLR general fund expenditures increase by \$250,000 in fiscal 2021, which accounts for the bill’s July 1, 2020 effective date. This estimate reflects the cost of hiring one full-time, contractual program manager to administer the pilot program and prepare and submit the required report. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses. DLLR advises that, generally, existing staff, who are federally funded, cannot complete State-only work due to U.S. Department of Labor requirements. Accordingly, some portion of other costs, not reflected below, may need to be covered with the mandated appropriation. Any residual funds from the appropriation will be used to provide workforce development opportunities to pilot program participants.

Contractual Position	1.0
Workforce Development Opportunities	as much as: \$175,778
Salary and Fringe Benefits	66,707
One-time Start-up Costs	4,890
Ongoing Operating Expenses	<u>2,625</u>
Total FY 2021 State Expenditures	\$250,000

Future year expenditures reflect a full salary with annual increases and employee turnover and ongoing operating expenses.

This estimate does not include any health insurance costs that could be incurred for specified contractual employees under the State's implementation of the federal Patient Protection and Affordable Care Act.

Although the mandated appropriation for the pilot program is required for fiscal 2021 through 2023 only, this analysis assumes that the contractual position is eliminated at the end of calendar 2023 (fiscal 2024) following submission of the required report. Thus, general fund support is also needed in fiscal 2024.

Additional Comments: Under the bill, the pilot program is intended to increase the earning capacity, economic stability, and self-sufficiency of participants so that, among other benefits, the participant is able to secure private health insurance. To the extent the pilot program is successful, Medicaid expenditures (general and federal funds), as well as expenditures for other social support programs, decrease by an indeterminate amount.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Center on Budget and Policy Priorities; Kaiser Family Foundation; Department of Budget and Management; Maryland Department of Health; Department of Human Services; Department of Labor, Licensing, and Regulation; Department of Legislative Services

Fiscal Note History: First Reader - February 8, 2019
sb/ljm

Analysis by: Jennifer B. Chasse

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