

Department of Legislative Services
 Maryland General Assembly
 2021 Session

FISCAL AND POLICY NOTE
 Third Reader - Revised

Senate Bill 923
 Finance

(Senator Washington)

Health and Government Operations

Maryland Medical Assistance Program - Eligibility

This bill requires Medicaid, subject to the limitations of the State budget, to extend coverage for eligible pregnant women with family incomes up to 250% of the federal poverty level (FPL) for one year immediately following the end of the woman’s pregnancy. Coverage must include dental care (in addition to comprehensive medical and other health care services under current law). **The bill takes effect January 1, 2022.**

Fiscal Summary

State Effect: As discussed below, Medicaid expenditures increase by \$3.9 million (61% federal funds, 39% general funds) in FY 2022 and \$15.7 million annually thereafter to extend coverage, including dental, for pregnant women through one year postpartum. Federal fund revenues increase accordingly. **This bill increases the cost of an entitlement program beginning in FY 2022.**

(\$ in millions)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
FF Revenue	\$2.4	\$9.6	\$9.6	\$9.6	\$9.6
GF Expenditure	\$1.5	\$6.1	\$6.1	\$6.1	\$6.1
FF Expenditure	\$2.4	\$9.6	\$9.6	\$9.6	\$9.6
Net Effect	(\$1.5)	(\$6.1)	(\$6.1)	(\$6.1)	(\$6.1)

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

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: Medicaid covers individuals, including pregnant women, with incomes up to 138% FPL. Pregnant women with incomes between 138% and 264% FPL may also qualify for Medicaid based on their pregnancy under the “SOBRA” category. In Maryland, as in most states, current law provides Medicaid coverage to pregnant women for 60 days postpartum.

States can extend postpartum coverage beyond 60 days through the use of state-only funds or through a federal § 1115 waiver. The federal American Rescue Plan Act (ARPA), enacted March 11, 2021, establishes a new state option to increase postpartum coverage to 12 months through a State Plan Amendment (SPA). Postpartum coverage granted through an SPA is valid for a five-year period beginning April 1, 2022.

A woman who loses Medicaid coverage postpartum qualifies for a special enrollment period through Maryland Health Connection (the State’s health insurance exchange). Cost-sharing reduction plans are available to consumers with incomes up to 250% FPL, and advanced premium tax credits are available to consumers with incomes up to 400% FPL.

State Fiscal Effect: Under the bill, the Maryland Department of Health (MDH) must extend Medicaid coverage for pregnant women from 2 months postpartum to 12 months postpartum. To receive a federal match, MDH must apply and receive approval for a federal § 1115 waiver or an SPA. Application can be handled with existing budgeted resources. MDH advises that, under the new federal ARPA provision, it will pursue an SPA for the coverage extension under the bill.

Thus, Medicaid expenditures increase by \$3.9 million (61% federal funds, 39% general funds) in fiscal 2022, which reflects an *April 1, 2022* effective date for the coverage extension. Although the bill takes effect January 1, 2022, federal law specifies that postpartum coverage granted through an SPA begins April 1, 2022. This estimate reflects the cost of extending Medicaid coverage for pregnant women to 12 months postpartum. The information and assumptions used in calculating the estimate are stated below:

- Based on 2019 data, an estimated 26,572 pregnant women are covered by Medicaid each year based on their pregnancy.
- About 13.8% of these women (3,667) lose their Medicaid coverage 60 days postpartum (the remainder remain eligible under other categories).
- Under the bill, Medicaid must provide an additional 10 months of coverage to these women at an estimated rate of \$428.13 per month, including both medical and dental benefits.

- The coverage extension begins April 1, 2022 (thus, at most, three additional months of postpartum coverage are provided to pregnant women in fiscal 2022).
- Federal matching funds are provided at a rate of 61%.

Future years reflect annualization and assume stable enrollment and no increase in the rate paid.

Sufficient funding for this purpose is available for fiscal 2022 as the fiscal 2022 budget, specifically in Supplemental Budget No. 5, includes \$8.3 million (\$5.1 million in federal funds, \$3.2 million in general funds) to extend Medicaid coverage, including dental, for pregnant enrollees to 12 months postpartum. Although Maryland could have extended this coverage under ARPA absent this bill, this analysis assumes the fiscal impact is due to the bill.

Additional Comments: In August 2020, the President of the Senate appointed a Senate workgroup to address environmental justice, health care disparities, and wealth and economic opportunity for minority Marylanders. The workgroup issued a report in January 2021, which includes a recommendation to extend Medicaid coverage for pregnant women until 12 months postpartum and provide care coordination and health literacy education for individuals as they transition from Medicaid coverage.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

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

Fiscal Note History: rh/ljm
First Reader - March 9, 2021
Third Reader - March 29, 2021
Revised - Amendment(s) - March 29, 2021
Revised - Updated Information - March 29, 2021
Revised - Budget Information - April 13, 2021

Analysis by: Jennifer B. Chasse

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