

Department of Legislative Services  
Maryland General Assembly  
2022 Session

FISCAL AND POLICY NOTE  
Third Reader

Senate Bill 778

(Senator Lam)

Finance

Rules and Executive Nominations

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Maryland Medical Assistance Program - Children and Pregnant Women  
(Healthy Babies Equity Act)

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This bill requires Medicaid, subject to the limitations of the State budget, to provide comprehensive medical care and other health care services to noncitizen pregnant women who would be eligible for Medicaid but for their immigration status and to their children up to the age of one. The Maryland Department of Health (MDH) must apply for a waiver from the federal Centers for Medicare and Medicaid Services that maximizes federal funding and the individuals who would be eligible for Medicaid under the bill. **The bill takes effect July 1, 2022.**

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Fiscal Summary

**State Effect:** Medicaid expenditures (65% federal funds, 35% general funds) increase by an indeterminate but significant amount beginning in FY 2023 to provide prenatal and postpartum coverage to noncitizen pregnant women, as discussed below. Federal fund revenues increase accordingly. **This bill increases the cost of an entitlement program beginning in FY 2023.**

**Local Effect:** None.

**Small Business Effect:** Minimal.

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Analysis

**Current Law:** In most cases, a noncitizen must be a qualified alien to receive Medicaid coverage. Medicaid covers emergency services only (including labor and delivery) for lawfully present immigrants who remain ineligible for Medicaid, as well as undocumented

immigrants. States have the option to provide prenatal care to women regardless of immigration status by extending federal Children's Health Insurance Program (CHIP) coverage to the unborn child or establishing a program with state-only funds.

In Maryland, Medicaid covers pregnant women with incomes up to 138% of the federal poverty level (FPL). Pregnant women with incomes between 138% and 264% FPL may also qualify for Medicaid based on their pregnancy under the Sixth Omnibus Budget Reconciliation Act of 1986 category. Chapter 470 of 2021 requires Medicaid, subject to the limitations of the State budget, to extend coverage (including dental care) for eligible pregnant women with family incomes up to 250% FPL for one year immediately following the end of the woman's pregnancy. Medicaid has pursued a State Plan Amendment (SPA) to extend coverage for pregnant women from 2 months to 12 months postpartum, with a blended 61% federal match. Coverage is anticipated to begin on April 1, 2022.

**State Fiscal Effect:** Under the bill, MDH must provide comprehensive medical care and other health care services to noncitizen pregnant women who would be eligible for Medicaid but for their immigration status and to their children up to the age of one. To maximize federal funding as required under the bill, MDH would submit an SPA for a CHIP Health Services Initiative (HSI), as other states have done to cover this population. HSIs are special programs designed to improve the health of low-income children. This analysis assumes that any such application can be handled with existing budgeted resources.

MDH provides Medicaid coverage for emergency medical services (including labor and delivery costs) for undocumented or ineligible aliens who would be eligible for Medicaid but for their immigration status (X02 and X03 coverage groups). MDH currently provides Medicaid coverage to any newborn from birth to age one if the child's mother was covered by Medicaid for the child's date of birth, including mothers covered in the X02 or X03 coverage groups. When the newborn is added to the mother's Medicaid case, the newborn receives coverage for a full year regardless of changes in family income.

As MDH already covers labor and delivery costs for pregnant noncitizens, as well as newborns up to age one, the additional costs to Medicaid under the bill include prenatal and postpartum care only.

Assuming an SPA for a CHIP HSI is approved, Medicaid expenditures increase by an indeterminate but significant amount (65% federal funds, 35% general funds) beginning in fiscal 2023. This estimate reflects the cost of providing comprehensive Medicaid coverage (including dental) for pregnant women who would be eligible for Medicaid but for their immigration status through 12 months postpartum. The information and assumptions used in calculating the estimate are stated below:

- Women receive an average of six months of prenatal coverage at a cost of \$3,191 per member per month (PMPM).
- Women receive 12 months of postpartum care (consistent with the current Medicaid expansion) at a cost of \$428.58 PMPM (including medical and dental).
- Federal matching funds are provided at a rate of 65%.
- For each woman newly covered under the bill, Medicaid expenditures increase by a total of \$24,289 (65% federal funds, 35% general funds) to provide 18 months of prenatal and postpartum coverage (incurred over at least two fiscal years).
- However, in any given fiscal year, services are provided for individuals who have already given birth in the prior fiscal year, who will give birth in the current fiscal year, and who will give birth in the next fiscal year, resulting in the equivalent total costs for the full 18 months of coverage for one woman being incurred in one fiscal year.
- Based on data from fiscal 2019 through 2021, an estimated 5,785 women had labors and deliveries covered by emergency Medicaid each year.
- A recent [analysis](#) by the Maryland Health Benefit Exchange (MHBE) on options for covering individuals ineligible for Medicaid or federally subsidized coverage through MHBE noted that, based on participation in other states' programs to offer low-cost health care services to undocumented immigrants, a participation rate of 30% for undocumented immigrants is likely.

*For illustrative purposes only*, to cover 1,736 women (30% of the estimated 5,785 who have labors and deliveries covered by emergency Medicaid each year), Medicaid expenditures increase by \$42.2 million annually (\$27.4 million in federal funds, \$14.8 million in general funds). To cover all 5,785 women, Medicaid expenditures increase by \$140.5 million annually (\$91.3 million in federal funds, \$49.2 million in general funds). Actual expenditures depend on the number of women who enroll under the bill.

Expenditures on prenatal and postpartum care are offset by a reduction in general fund expenditures (and a corresponding increase in federal fund revenues and expenditures) for labors and deliveries. The average Medicaid cost per labor and delivery is \$15,442, and the cost to cover an average of 5,785 labors and deliveries under the X02 and X03 coverage groups is \$89.3 million (50% general funds, 50% federal funds). Under the bill, these costs are eligible for a 65% federal matching rate; thus, general fund expenditures decrease by

approximately \$13.4 million under the bill, while federal fund revenues and expenditures increase accordingly.

Expenditures on prenatal and postpartum care are also offset by a reduction in current Medicaid expenditures for emergency medical services for this population. To the extent prenatal care reduces pregnancy complications, preterm labor, low birth weight babies, and neonatal intensive care unit stays, Medicaid expenditures are further offset.

**Additional Comments:** Effective July 1, 2021, Virginia provides Medicaid coverage for pregnant women with incomes up to 205% FPL who are otherwise eligible for Medicaid but do not meet immigration status rules. Coverage is provided through 60 days postpartum under a CHIP HSI. As of February 2022, approximately 3,000 women are enrolled in the program.

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### **Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** HB 1080 (Delegate Pena-Melnyk) - Health and Government Operations.

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

**Fiscal Note History:** First Reader - March 1, 2022  
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