

Department of Legislative Services  
 Maryland General Assembly  
 2023 Session

FISCAL AND POLICY NOTE  
 First Reader

House Bill 553 (The Speaker, *et al.*) (By Request - Administration)  
 Appropriations

Maryland National Guard - Tricare Premium Reimbursement Program -  
 Establishment (Health Care for Heroes Act of 2023)

This Administration bill establishes a TRICARE Premium Reimbursement Program in the Military Department. The department may award grants to an “eligible recipient” who meets the reimbursement application requirements for a premium paid for individual or dependent coverage under TRICARE Reserve Select or the TRICARE Dental Program. “Eligible recipient” means an individual who is (1) eligible for TRICARE Reserve Select coverage and (2) a member of the Maryland National Guard (MDNG). The department must adopt regulations to implement and administer the program. **The bill takes effect July 1, 2023.**

Fiscal Summary

**State Effect:** General fund expenditures increase by \$479,900 in FY 2024 for personnel to implement and administer the program; future years reflect elimination of one-time costs. General fund expenditures increase by an additional indeterminate amount beginning in FY 2024 (not shown below) to provide premium reimbursement grants to eligible recipients, as discussed below. The FY 2024 budget as introduced includes \$5.0 million for this purpose. Revenues are not affected.

(in dollars)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	479,900	436,800	456,100	476,500	501,700
Net Effect	(\$479,900)	(\$436,800)	(\$456,100)	(\$476,500)	(\$501,700)

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

**Local Effect:** None.

**Small Business Effect:** The Administration has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment.

## Analysis

**Current Law:** MDNG is part of the State's organized militia. MDNG includes the Maryland Army National Guard and the Maryland Air National Guard. Generally, MDNG is part of the reserve components of the U.S. Armed Forces under dual control of the State and the federal government.

The Governor may order the militia into State active duty (1) in times or on reasonable apprehension of imminent public crisis, disaster, rioting, catastrophe, insurrection, invasion, tumult, or breach of peace; (2) when martial law is declared; (3) to enforce the laws; or (4) to carry on any function of the militia of the State.

Title 32 of the U.S. Code establishes the conditions when MDNG may be mobilized with the consent of the Governor, on the condition of approval of the President or the Secretary of Defense. Title 32 mobilization includes State active duty and full-time National Guard duty within the United States and U.S. territories, which generally relates to specified events, such as natural disasters, periods of civil unrest, or terrorist attacks.

**Background:** Individuals serving in MDNG may receive health insurance coverage through their employer or their spouse's employer or may purchase coverage directly or through Maryland Health Connection (the State's health benefit exchange). As members of the Selected Reserves, they are also eligible for coverage under TRICARE Reserve Select and the TRICARE Dental Program. Unlike active-duty personnel who are automatically enrolled in TRICARE, Selected Reserves personnel must individually contract through the Defense Enrollment Eligibility Reporting System for TRICARE Reserve Select.

TRICARE Reserve Select is a premium-based health insurance plan available for Selected Reserves members and their families who are not on active duty, not covered under the Transitional Assistance Management Program (TAMP), and not eligible for or enrolled in the Federal Employee Health Benefits Program. Individuals enrolled in TRICARE Reserve Select pay monthly premiums, an annual deductible, copayments for in-network covered services, and a percentage cost share for out-of-network covered services. For calendar 2023, premiums are \$48.47 per month for individual/sponsor coverage and \$239.69 per month for family coverage.

The TRICARE Dental Program is a premium-based dental plan for National Guard/Reserve members who are not on active duty, not covered under TAMP, family members of a National Guard/Reserve member, or family members of an active-duty service member. For calendar 2023, premiums are \$11.94 per month for sponsor-only coverage and \$89.53 for family coverage.

**State Expenditures:** General fund expenditures increase by \$479,888 in fiscal 2024, for personnel to implement and administer the program. General fund expenditures increase by an additional indeterminate amount beginning in fiscal 2024, to provide premium reimbursement grants to eligible recipients, as discussed below. The fiscal 2024 budget as introduced includes \$5.0 million in general funds for the department, contingent on the enactment of legislation to establish a program that provides health benefits to national guard members.

*Personnel and Administrative Costs*

To establish and implement a new premium reimbursement program, the department requires additional personnel. Thus, general fund expenditures increase by \$479,888 in fiscal 2024, which accounts for the bill’s July 1, 2023 effective date. This estimate reflects the cost of hiring one program manager, one fiscal services chief, and three accounts payable specialists to implement the premium reimbursement program, adopt regulations, conduct outreach to eligible recipients during the fall open enrollment period, and administer the program, which is assumed to be in place by January 1, 2024. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Positions	5.0
Salaries and Fringe Benefits	\$441,518
Operating Expenses	<u>38,370</u>
<b>Total FY 2024 Personnel/Administrative Expenditures</b>	<b>\$479,888</b>

Future year expenditures reflect annual increases in salaries and employee turnover as well as annual increases in ongoing operating expenses.

*Premium Reimbursement Grants*

As of February 7, 2023, the strength of MDNG was 5,666 personnel (including 4,358 Maryland Army National Guard members and 1,308 Maryland Air National Guard members). An estimated 8% of MDNG members are currently enrolled in TRICARE Reserve Select. According to the U.S. Census Bureau, an estimated 7.1% of Maryland residents younger than age 65 are uninsured.

This analysis assumes that a *minimum* of 15.1% of MDNG members elect to receive a premium subsidy under the bill, reflecting the 8% estimated to be currently enrolled and the 7.1% estimated to be uninsured. The department advises that 53% of participants will purchase sponsor-only coverage and 47% will purchase family coverage. Should 15.1% of MDNG members (856) participate in line with the above assumptions and seek premium reimbursement for both TRICARE Reserve Select and TRICARE Dental, costs increase by \$958,665 in fiscal 2024, to provide six months of premium subsidies, assuming the

program is operational by January 1, 2024. To provide a full year of premium subsidies, expenditures increase by \$1.9 million. To the extent additional individuals enroll or a greater proportion seek family coverage, costs increase further. Also, to the extent premium rates increase for calendar 2024, costs increase.

*For illustrative purposes only*, after accounting for personnel costs discussed above, the program could support premium subsidies for up to 46% of MDNG members in fiscal 2024 (at a cost of \$4.5 million for six months of coverage), with the appropriation of \$5.0 million. Assuming level funding in future years, the program could support premium subsidies for up to 35% of MDNG members on an annual basis (at a cost of \$4.4 million for 12 months of coverage), notwithstanding any premium rate increases over calendar 2023. Actual costs will vary based on the actual mix of enrollment (sponsor only vs. family), plan selection (TRICARE Reserve Select, TRICARE Dental, or both), and future premium increases in the TRICARE Select and TRICARE Dental programs.

While availability of a premium subsidy for TRICARE Reserve Select and TRICARE Dental provides a financial incentive for individuals to elect such coverage, the number of MDNG members who will enroll in the premium reimbursement program depends on the availability of other coverage options (and their cost) and which option works best for each individual member and their family. Thus, actual enrollment (and associated expenditures to provide premium subsidies) cannot be reliably estimated at this time.

---

### **Additional Information**

**Prior Introductions:** Similar legislation has not been introduced within the last three years.

**Designated Cross File:** SB 554 (The President, *et al.*) (By Request - Administration) - Finance.

**Information Source(s):** Department of Budget and Management; Maryland Department of Health; Military Department; Department of Legislative Services

**Fiscal Note History:** First Reader - February 18, 2023  
rh/ljm

---

Analysis by: Jennifer B. Chasse

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

## ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Maryland National Guard - Tricare Premium Reimbursement Program - Establishment (Health Care for Heroes Act of 2023)

BILL NUMBER: HB0553/SB0554

PREPARED BY: Brad Fallon

### PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

**OR**

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

### PART B. ECONOMIC IMPACT ANALYSIS

This legislation will create an avenue for members of the Maryland National Guard and their families to receive healthcare and dental care without monthly payments. In addition to serving as a recruitment tool for the Guard, this will allow more families to afford health care and dental care. This may increase visits to healthcare providers and generally produce economic growth. The savings in healthcare costs may also be used to purchase other services and products in the state.