

Department of Legislative Services
 Maryland General Assembly
 2023 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 329 (Delegate Ruth, *et al.*)
 Health and Government Operations

Public Health - Commission on Universal Health Care

This bill establishes the Commission on Universal Health Care to develop a plan for the State to establish, by July 1, 2026, a universal health care program to provide health benefits to all residents of the State through a single-payer system. The commission must submit (1) by June 1, 2024, an interim progress report on the development of the plan and (2) by October 1, 2025, the plan to establish the health care system. The Maryland Department of Health (MDH) must provide staff for the commission. **The bill takes effect June 1, 2023, and terminates June 30, 2027.**

Fiscal Summary

State Effect: No effect in FY 2023. MDH general fund expenditures increase by *at least* \$71,600 in FY 2024 for contractual staff and by an additional indeterminate amount (not shown below) in FY 2024 through 2026 to support the commission and prepare the plan, as discussed below. Revenues are not affected.

| (in dollars) | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 |
|----------------|------------|------------|------------|---------|---------|
| Revenues | \$0 | \$0 | \$0 | \$0 | \$0 |
| GF Expenditure | 71,600 | 61,700 | 32,200 | 0 | 0 |
| Net Effect | (\$71,600) | (\$61,700) | (\$32,200) | \$0 | \$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:

Commission on Universal Health Care

The commission consists of (1) the Secretary of Health (or the Secretary's designee), as an *ex officio* member; (2) four members appointed by the Governor, with the advice and consent of the Senate; (3) three members appointed by the President of the Senate; and (4) three members appointed by the Speaker of the House. The bill establishes extensive procedures and criteria for the selection and appointment of commission members. A member of the commission may not receive compensation but is entitled to a *per diem* rate and reimbursement for expenses, as provided in the State budget. A member of the commission must adhere strictly to conflict-of-interest provisions.

Universal Health Care Program

The health care program must be designed to (1) provide comprehensive, affordable, and high-quality publicly financed health care coverage for all residents of the State; (2) include a benefit package covering primary care, preventive care, chronic care, acute episodic care, reproductive care, and hospital services; (3) recommend how to ensure that all federal payments for health care services provided in the State are paid directly to the program and how to assume responsibility for the benefits and services currently paid for and provided under specified State and federal programs; (4) include health care coverage provided by employers that choose to participate and to State, county, and municipal employees; and (5) contain costs, as specified.

Required Plan

The plan must include (1) a timeline for the establishment of the program; (2) specified plans for transition to the program; (3) a proposed operating structure; (4) cost projections and recommendations for financing; (5) a proposed health benefit package to be offered in the program and an analysis of whether the program should include specified benefits; and (6) recommendations for legislation required to establish the program.

The commission must consider how to (1) incorporate health care equity as a goal of the plan; (2) reduce health care disparities; and (3) increase health care access, as specified. The commission must consider plans and analyses done in other states.

Current Law: The State provides comprehensive health care coverage through Medicaid and the Maryland Children's Health Program (MCHP) to eligible individuals. The State also provides comprehensive health care coverage to State employees, retirees, and their

eligible dependents through the State Employee and Retiree Health and Welfare Benefits Program. In calendar 2023, the program provides medical benefits to 124,886 individuals.

Medicaid and the Maryland Children's Health Program

Medicaid generally covers children, pregnant women, elderly or disabled individuals, low-income parents, and childless adults. To qualify for Medicaid, 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 (FPG), as authorized under the federal Patient Protection and Affordable Care Act (ACA). MCHP is Maryland's name for medical assistance for low-income children. MCHP provides all the same services as Medicaid. A premium of about 2% of family income is typically required of child participants with family incomes above 200% FPG (these premiums have been waived under the COVID-19 national public health emergency). As of December 2022, there were 1,586,005 individuals enrolled in Medicaid and 164,614 children enrolled in MCHP in Maryland.

The Federal Patient Protection and Affordable Care Act

ACA requires nongrandfathered health plans to cover 10 essential health benefits (EHBs), which include items and services in the following categories: (1) ambulatory patient services; (2) emergency services; (3) hospitalization; (4) maternity and newborn care; (5) mental health and substance use disorder services, including behavioral health treatment; (6) prescription drugs; (7) rehabilitative and habilitative services and devices; (8) laboratory services; (9) preventive and wellness services and chronic disease management; and (10) pediatric services, including dental and vision care.

Under § 31-116 of the Maryland Insurance Article, EHBs must be included in the State benchmark plan and, *notwithstanding any other benefits mandated by State law*, must be the benefits required in (1) all individual health benefit plans and health benefit plans offered to small employers (except for grandfathered health plans) offered outside the Maryland Health Benefit Exchange (MHBE) and (2) all qualified health plans offered in MHBE.

State Expenditures: The bill requires the commission, which is established June 1, 2023, to develop a plan for the State to establish a single-payer universal health care program. The commission must submit an interim progress report on the development of the plan by June 1, 2024, and a final plan by October 1, 2025. The universal health care program must be in place by July 1, 2026. The commission terminates June 30, 2027.

MDH advises that at least one full-time contractual health policy analyst is required to provide administrative staff support to the commission. Thus, MDH general fund

expenditures increase by at least \$71,601 in fiscal 2024, which assumes a July 1, 2023 hiring date based on the bill's June 1, 2023 effective date. This estimate includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

| | |
|---|-----------------|
| Contractual Position | 1.0 |
| Salary and Fringe Benefits | \$63,927 |
| Operating Expenses | <u>7,674</u> |
| Total FY 2024 State Personnel Expenditures | \$71,601 |

Fiscal 2025 and 2026 expenditures reflect a full salary with annual increases and employee turnover as well as annual increases in ongoing operating expenses. The contractual position is assumed to terminate December 31, 2025, following submission of the required plan by October 1, 2025. To the extent the commission's work continues beyond this date (the commission does not terminate until June 30, 2027), personnel expenditures are maintained for a longer period.

This estimate does not include any health insurance costs that could be incurred for specified contractual employees under the State's implementation of the ACA.

Given the complexity of the plan's required components, additional resources are likely required to assist the commission with more technical duties, such as cost projections. The amount of such expenditures depends on the decisions of the commission and the scope of its work and cannot be reliably estimated at this time. Thus, MDH general fund expenditures increase by an additional indeterminate amount beginning in fiscal 2024 for costs associated with preparing the required plan (such as actuarial studies, cost projections, or consultants). As the final plan is due October 1, 2025, expenditures likely continue through early fiscal 2026 but may continue until the commission terminates in fiscal 2027.

Additional Information

Prior Introductions: Similar legislation has been introduced within the last three years. See SB 493 and HB 610 of 2022; SB 522 and HB 470 of 2021; and SB 228 of 2020.

Designated Cross File: None.

Information Source(s): Maryland Association of Counties; Maryland Municipal League; Department of Budget and Management; Maryland Department of Health; Maryland Health Benefit Exchange; Maryland Insurance Administration; Department of Legislative Services

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