

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 1521 (Chair, Health and Government Operations
Committee)(By Request - Departmental - Health)

Health and Government Operations Finance

Maryland Children's Health Program - Eligibility and Administration

This emergency departmental bill repeals the requirement that the Maryland Children's Health Program (MCHP) be administered in a specified manner. As a result, the bill eliminates the MCHP premium plan and the requirement that families with income above 200% of federal poverty guidelines (FPG) pay a family contribution for MCHP coverage. The bill also makes conforming changes.

Fiscal Summary

State Effect: Minimal decrease in MCHP general/federal fund expenditures and federal fund revenues in FY 2024. MCHP expenditures (65% federal funds, 35% general funds) decrease by an estimated \$100,000 annually beginning in FY 2025, as discussed below. Federal fund revenues decrease correspondingly. This bill decreases the cost of an entitlement program beginning in FY 2024.

Table with 6 columns: (in dollars), FY 2024, FY 2025, FY 2026, FY 2027, FY 2028. Rows include FF Revenue, GF Expenditure, FF Expenditure, and Net Effect.

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

Local Effect: None.

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

Analysis

Bill Summary: The bill repeals the requirement that MCHP be administered (1) for individuals whose family income is at or below 200% FPG, through the Medicaid HealthChoice Program or (2) for eligible individuals whose family income is between 201% FPG and 300% FPG, through the MCHP premium plan. Instead, the bill clarifies that MCHP must provide coverage to an individual who does not qualify for Medicaid and has a family income at or below 300% FPG and who is younger than age 19.

The bill also repeals outdated language from the Insurance Article to remove references to legacy coverage groups for the MCHP private option plan, which sunset in 2003.

Current Law:

Maryland Children's Health Program

MCHP provides medical assistance for low-income children with household incomes that exceed income eligibility for Medicaid. MCHP covers the same services as Medicaid. The MCHP premium plan provides coverage for children with family incomes between 201% and 300% FPG. MCHP premium plan enrollees pay a monthly premium based on income. For families with incomes between 201% and 250% FPG, the monthly premium amount is 2% of the annual income of a family of two at 200% FPG (about \$68 per month). For families with incomes between 251% and 300% FPG, the monthly premium amount is 2% of the annual income of a family of two at 250% FPG (about \$85 per month). The family contribution amounts apply on a per-family basis regardless of the number of eligible individuals each family has enrolled in the MCHP premium plan. As of January 2024, there were 33,582 children enrolled in the MCHP premium plan.

MCHP premium plan payments were suspended during the COVID-19 public health emergency effective March 1, 2020. However, MDH has since further extended the pause on premiums through April 30, 2024.

Implementation of Continuous Eligibility

The federal Consolidated Appropriations Act of 2023 requires that all states provide continuous eligibility to children enrolled in Medicaid or MCHP for 12 months, beginning January 1, 2024. MDH implemented this requirement effective September 1, 2023. As a result, eligibility for children enrolled in the MCHP premium plan is no longer contingent on timely payment of a monthly premium and MDH cannot enforce collection of premium payments throughout the year.

Historically, annual MCHP premium plan revenues totaled \$10.4 million. Although premiums have not been collected since February 2020, MDH estimates that, due to implementation of continuous eligibility, annual MCHP premium plan revenues (when, and if, collection resumes) would substantially decrease to \$866,167.

State Fiscal Effect: The bill results in the loss of remaining MCHP premium plan revenues of \$866,167 annually (the estimated amount anticipated to be collected annually once the current pause on premium collection ends April 30, 2024). However, this reduction in premium revenues is offset by savings associated with discontinuing the infrastructure needed to collect premiums. Elimination of the MCHP premium plan collection system and related mailings is estimated to reduce MCHP expenditures by \$966,132 annually.

In total, the overall effect of the bill is a net *reduction* in MCHP expenditures of \$99,965 on an annualized basis (65% federal funds, 35% general funds). Thus, MCHP expenditures decrease by a minimal amount in fiscal 2024 (as the bill is an emergency bill), and by an estimated \$99,965 in fiscal 2025 and annually thereafter. Federal fund revenues decrease correspondingly (by an estimated \$64,977 on an annualized basis).

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced in the last three years.

Designated Cross File: None.

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

Fiscal Note History: First Reader - March 13, 2024
rh/ljm Third Reader - March 18, 2024

Analysis by: Jennifer B. Chasse

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

ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

BILL TITLE: Maryland Children’s Health Program - Eligibility and Administration

BILL NUMBER: HB 1521

PREPARED BY: Maryland Department of Health

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

 X 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