



*Wes Moore, Governor · Aruna Miller, Lt. Governor · Ryan Moran, Dr.PH, Acting Secretary*

March 4, 2025

The Honorable Ben Barnes  
Chair, House Appropriations Committee  
120 House Office Building  
Annapolis, MD 21401-1991

**RE: House Bill 1402 – Maryland Department of Health and Department of Human Services – Public Benefits – Prevention of Waste, Fraud, and Abuse –Letter of Opposition**

Dear Chair Barnes and Committee members:

The Maryland Department of Health (the Department) respectfully submits this letter of opposition for House Bill (HB) 1402 – Maryland Department of Health and Department of Human Services – Public Benefits – Prevention of Waste, Fraud, and Abuse.

Effective July 1, 2025, HB 1402 would require substantial changes to the Department's eligibility, enrollment, and redetermination processes for Medicaid participants. This legislation is projected to have a significant fiscal impact, estimated at \$22.6 million TF (\$11.3 million GF, \$11.3 million FF) for staffing annually. Required system updates and associated administrative costs to implement the provisions of HB 1402 has a total fiscal impact of \$9.5 million TF (\$4.75 million GF, \$4.75 million FF) annually.

Specifically, the legislation would require the Department to seek approval from the Centers for Medicare and Medicaid Services (CMS) for a §1115 Demonstration Waiver to impose a six-month lockout period on individuals who fail to report any change in eligibility, irrespective of whether it is material. The bill further requires the Department to enter data-sharing agreements with multiple agencies and engage in data matches as frequently as bi-monthly in order to identify individuals who may no longer be eligible for coverage. Finally, the Department must publish reports publicly on a quarterly basis addressing the number of cases investigated, the number of cases referred for prosecution, and the percentage of ineligible program participants.

The Department notes that implementing the requirements of this legislation will create a substantial administrative burden for the Department, compromise the health of Marylanders enrolled in Medicaid, and introduce volatility to the Department's budget. A 2021 review by the HHS Assistant Secretary for Planning and Evaluation (ASPE) noted that "studies indicate that beneficiaries moving in and out of Medicaid coverage (sometimes called "churning") results in higher administrative costs, less predictable state expenditures, and higher monthly health care

costs due to pent-up demand for health care services.”<sup>1</sup> Further, “one study found adults with 12 full months of Medicaid coverage in 2012 had lower average costs (\$371/month in 2021 after adjusting for inflation) than those with six months of coverage (\$583/month) or only three months of coverage (\$799/month).” Individuals who experienced a lockout were more likely to report being uninsured, less likely to report receiving needed medical care in the prior year, and more likely to report owing money for medical expenses and needing to borrow money, skip paying other bills, or pay other bills late to pay health care bills in last 12 months.<sup>2</sup> Additionally, to the extent that more frequent checks and lockout periods increase churn amongst participants, the Department anticipates increased costs to the state. One study found that the administrative cost of one participant disenrolling and subsequently reenrolling in Medicaid totaled between \$400 and \$600 in 2015 (the equivalent of \$544 to \$815 in 2025).<sup>3,4</sup>

Current federal statute requires states to review eligibility only once every 12 months for beneficiaries whose eligibility is based on Modified Adjusted Gross Income (MAGI)<sup>5</sup> methodologies and at least once every 12 months for non-MAGI beneficiaries.<sup>6</sup> Additionally, Maryland has adopted 12 months continuous eligibility for children and pregnant women. At both application and renewal, the Department and its partners leverage a variety of data sources to confirm eligibility.<sup>7</sup> The Department also has data exchanges in place with the Vital Statistics Administration and the Department of Public Safety and Correctional Services (DPSCS).

If you would like to discuss this further, please do not hesitate to contact Sarah Case-Herron, Director of Governmental Affairs at [sarah.case-herron@maryland.gov](mailto:sarah.case-herron@maryland.gov).

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<sup>1</sup> HHS ASPE, Medicaid Churning and Continuity of Care: Evidence and Policy Considerations Before and After the COVID-19 Pandemic, <https://aspe.hhs.gov/sites/default/files/private/pdf/265366/medicaid-churning-ib.pdf>.

<sup>2</sup> Saloner B, Dague L, Friedsam D, Voskuil K, Serna Borrero N, Burns M. Access to Care Among Individuals Who Experienced Medicaid Lockouts After Premium Nonpayment. JAMA Netw Open. 2019;2(11):e1914561. doi:10.1001/jamanetworkopen.2019.14561.

<https://jamanetwork.com/journals/jamanetworkopen/fullarticle/2753978>.

<sup>3</sup> Swartz K, Short PF, Graefe DR, Uberoi N. Reducing Medicaid Churning: Extending Eligibility For Twelve Months Or To End Of Calendar Year Is Most Effective. Health Aff (Millwood). 2015 Jul;34(7):1180-7. doi: 10.1377/hlthaff.2014.1204. PMID: 26153313; PMCID: PMC4664196.

<https://pmc.ncbi.nlm.nih.gov/articles/PMC4664196/>.

<sup>4</sup> U.S. Bureau of Labor Statistics, CPI Inflation Calculator, available at

[https://www.bls.gov/data/inflation\\_calculator.htm](https://www.bls.gov/data/inflation_calculator.htm).

<sup>5</sup> 42 CFR Part 435.916(a):

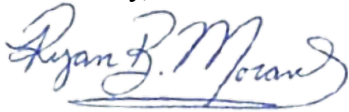
<https://www.ecfr.gov/current/title-42/chapter-IV/subchapter-C/part-435/subpart-J/subject-group-ECFR0717d3fdf4a090c/section-435.916>

<sup>6</sup> Note, the Final Rule: Medicaid Program; Streamlining the Medicaid, Children's Health Insurance Program, and Basic Health Program Application, Eligibility Determination, Enrollment, and Renewal Processes requires that all participants, including non-MAGI participants, have their eligibility renewed once every 12 months and no more frequently than once every 12 months effective June 3, 2027. Qualified Medicare Beneficiaries (QMBs) are an exception to this provision. See:

<https://www.federalregister.gov/documents/2024/04/02/2024-06566/medicaid-program-streamlining-the-medicaid-childrens-health-insurance-program-and-basic-health>.

<sup>7</sup> I.e., state wage and asset databases (SWICA), IRS tax information, the Federal HUB, BEACON, AVS, SVES, SOLQi, National Directory of New Hires (NDNH), and The Work Number® database (Work #), SSA Earnings and Death Records, among other data sources.

Sincerely,

A handwritten signature in blue ink that reads "Ryan B. Moran". The signature is fluid and cursive, with a horizontal line underneath the name.

Ryan B. Moran, Dr.P.H, MHSA  
Acting Secretary