



Wes Moore, Governor · Aruna Miller, Lt. Governor · Meena Seshamani, M.D., Ph.D., Secretary

March 5, 2026

The Honorable Heather Bagnall
Chair, House Health Committee
241 House Office Building
Annapolis, MD 21401-1991

RE: House Bill 989 – State Assistance for the Elderly - Calculation of Income – Letter of Concern

Dear Chair Bagnall and Committee Members:

The Maryland Department of Health (the Department) respectfully submits this letter of concern for House Bill (HB) 989 – State Assistance for the Elderly - Calculation of Income. HB 989 would alter the calculation for determining elderly individuals' Medicaid eligibility to disregard any rental income derived from renting a portion of an individual's primary residence. The legislation also requires that the Maryland Medicaid agency notify the appropriate office that administers Medicaid eligibility of this change. This legislation would go into effect on July 1, 2026.

As drafted, HB 989 would also not be able to be implemented by the Department. Currently, the Department permits an income disregard of 50% of rental income, and treats the remaining 50% as profit from rental income ([COMAR 10.09.24.07K\(3\)\(b\)](#)). The proposed legislation would impose, for only elderly residents, a disregard of 100% of the income from renting a home property, from a determination of Medicaid eligibility. CMS would not approve this policy for only elderly adults; it would need to expand the population to all those eligible for Medicaid on the basis of being aged, blind, or disabled.

HB 989 would have an indeterminate fiscal impact on the Maryland Medicaid agency. At this time, the Medicaid agency is unable to accurately estimate the number of individuals who would be impacted by this bill. The Department does not have an estimate of the number of people who currently receive an income disregard for rental income. Furthermore, even if the data were available, the Department would likely be unable to distinguish between individuals who have rented their home properties as compared to other sources of rental income.

Because the legislation singles out the elderly within the larger Aged, Blind and Disabled (ABD) coverage group, this revision to the state plan would likely not meet the requirement that all services be comparable in nature ([Social Security Act §1902\(a\)\(10\)\(B\)](#)). Thus, Maryland would need to apply the new disregard to all ABD recipients subject to the Supplemental Security Income-based non-Modified Adjusted Gross Income methodology.

If you would like to discuss this further, please do not hesitate to contact Meghan Lynch, Director of Government Affairs at meghan.lynch@maryland.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Meena Seshamani', with a stylized flourish at the end.

Meena Seshamani, M.D., Ph.D.
Secretary of Health