

Department of Legislative Services
 Maryland General Assembly
 2017 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 618 (Delegate Hornberger, *et al.*)
 Health and Government Operations

Vital Records - Birth, Death, and Fetal Death Certificates - Fees

This bill prohibits the Department of Health and Mental Hygiene (DHMH) from collecting a fee for a birth, death, or fetal death certificate requested by an agency of the State or any of its political subdivisions if the certificate was requested by (1) the agency as part of its official business or (2) a public official of the agency who requests the certificate in order to carry out the duties or functions of the public official’s office.

Fiscal Summary

State Effect: General fund revenues decrease by at least \$340,500 in FY 2018 and by at least \$454,000 annually beginning in FY 2019 due to the elimination of fees for State and local agencies that request specified vital records. General fund expenditures for DHMH increase by \$45,200 in FY 2018 for DHMH to hire one full-time office clerk to handle additional requests for specified vital records; future years reflect annualization. Medicaid expenditures (50% general funds, 50% federal funds) decrease by at least \$297,000 in FY 2018 and by at least \$396,000 annually beginning in FY 2019. Federal matching revenues decrease correspondingly. Expenditures for other State agencies decrease minimally beginning in FY 2018, which may be a combination of general, special, and/or federal funds.

(in dollars)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
GF Revenue	(\$340,500)	(\$454,000)	(\$454,000)	(\$454,000)	(\$454,000)
FF Revenue	(\$148,500)	(\$198,000)	(\$198,000)	(\$198,000)	(\$198,000)
GF Expenditure	\$45,200	\$55,800	\$58,500	\$61,400	\$64,400
GF/FF Exp.	(\$297,000)	(\$396,000)	(\$396,000)	(\$396,000)	(\$396,000)
GF/SF/FF Exp.	(-)	(-)	(-)	(-)	(-)
Net Effect	(\$237,200)	(\$311,800)	(\$314,500)	(\$317,400)	(\$320,400)

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

Local Effect: Expenditures for local health departments increase by an indeterminate amount beginning in FY 2018; revenues also decrease by an indeterminate amount, as discussed below.

Small Business Effect: None.

Analysis

Current Law/Background: The Division of Vital Records in DHMH maintains a statewide system for registering, indexing, filing, and protecting all records of birth, death, fetal death, marriage and divorce, adoption, and legitimation and adjudication of paternity for events occurring in Maryland. Local health departments may also process and issue a birth or death certificate or a report that a search of the files was made and the requested record is not on file. DHMH or a local health department may collect a fee for a certificate requested by an agency of the State or any of its political subdivisions.

The Budget Reconciliation and Financing Act of 2011 (Chapter 397) increased the fee for a copy, search, or change to birth certificates from \$12 to \$24 and increased the fee that must be remitted by a local health department to the State in connection with the processing and issuing or searching for a birth certificate from \$10 to \$20. Additionally, Chapter 2 of the 2012 first special session increased the fee, from \$12 to \$24, for (1) the first copy of a death certificate issued in a single transaction; (2) a search for a death certificate; and (3) a change to a death certificate made later than one year after the certificate has been registered. Prior to the 2011 increase, the fees had not been altered since 2003.

Chapter 316 of 2016 reduced the fee for a birth or death certificate copy, search, or change from \$24 to \$10 and reduced the fee that must be remitted by a local health department to the State in connection with the processing and issuing or searching for a birth or death certificate from \$20 to \$10. Additionally, Chapters 452 and 453 of 2016 prohibit DHMH from collecting a fee for a certified or abridged copy of a birth certificate issued to a homeless individual who meets specified criteria.

DHMH advises that the Division of Vital Records has been using its authority to charge all government agencies for requests of vital records since Chapter 654 of 1998 allowed it to do so. Coincident with government agencies paying for the certificates, the department experienced a substantial reduction in the number of requests made by those agencies.

State Revenues: DHMH's Vital Statistics Administration (VSA) advises that it processes approximately 45,400 requests for the bill's specified vital records per year for State and local agencies (including Medicaid requests) at \$10 per request. VSA anticipates that the bill results in an additional 20,000 requests by State and local agencies, due to the repeal of the associated fee.

The bill also prohibits local health departments from collecting a fee for specified vital records requested by State or local agencies; therefore, local health departments will no longer remit a portion of these fees to the general fund. However, neither VSA nor the Maryland Association of County Health Officers (MACHO) was able to estimate the number of records that local health departments process for State or local agencies per year.

Assuming that VSA continues to process at least 45,400 requests for specified vital records for State and local agencies annually, general fund revenues decrease by at least \$340,500 in fiscal 2018 and by at least \$454,000 annually beginning in fiscal 2019, which reflects the bill's October 1, 2017 effective date. Any requests made above that number (due to the request no longer being subject to a fee) result in additional foregone revenue.

State Expenditures: VSA advises that it must hire two full-time office clerks to handle the additional 20,000 requests anticipated under the bill. DLS agrees that VSA may receive additional requests under the bill and that additional staff is likely required but assumes that the number of additional requests will not reach that threshold.

Thus, general fund expenditures for DHMH increase by \$45,228 in fiscal 2018, which accounts for the bill's October 1, 2017 effective date. This estimate reflects the cost of hiring one full-time office clerk to process additional requests for specified vital records under the bill. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses, and includes materials to print additional copies of certificates.

Position	1
Salary and Fringe Benefits	\$38,619
Printing Materials	1,500
One-time Start-up Costs	4,640
Ongoing Operating Expenses	<u>469</u>
Total FY 2018 State Expenditures	\$45,228

Future year expenditures reflect a full salary with annual increases and employee turnover and ongoing operating expenses.

Medicaid advises that it requests approximately 3,300 birth certificates per month (39,600 certificates annually). Therefore, Medicaid expenditures decrease by at least \$297,000 in fiscal 2018 and by at least \$396,000 annually (50% general funds, 50% federal funds) beginning in fiscal 2019 due to the elimination of fees for birth certificate requests. Federal matching revenues decrease correspondingly.

Expenditures for State agencies (other than Medicaid) that request birth and/or death certificates decrease minimally beginning in fiscal 2018; *total* cost savings may be as much

as \$58,000. Although the majority of such expenditures are assumed to be general funds, special and/or federal fund expenditures may also decrease minimally. VSA and MACHO additionally advise that many State agencies receive federal funds to offset or reimburse the costs of requesting vital records.

Local Fiscal Effect: As noted previously, the bill prohibits local health departments from collecting a fee for specified vital records requested by State or local agencies; however, the number of records that local health departments process for State or local agencies per year is unknown. Statute allows local health departments to charge a fee that covers – but does not exceed – their costs; fees currently vary, but generally did not exceed \$30 in fiscal 2016. Therefore, local revenues decrease by an indeterminate amount beginning in fiscal 2018. Expenditures for local health departments also increase by an indeterminate amount to the extent State and other local agencies make additional requests for specified vital records. Expenditures for local government agencies that request these records may decrease minimally beginning in fiscal 2018.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Association of County Health Officers; Department of Health and Mental Hygiene; Department of Legislative Services

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