

Department of Legislative Services
 Maryland General Assembly
 2018 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 774
 Finance

(Senator Benson)

Health and Government Operations

Maryland Medical Assistance Program – Family Planning Services

This bill requires the Maryland Department of Health (MDH) to apply for a State Plan Amendment to expand the Medicaid Family Planning Waiver Program. MDH must establish a specified workgroup and report to the General Assembly by December 1, 2018. By October 1, 2020, MDH, in collaboration with the Maryland Health Benefit Exchange (MHBE), must establish a presumptive eligibility process for the program and integrate the eligibility and enrollment process into Maryland Health Connection. Medicaid and the Maryland Children’s Health Program (MCHP) must provide coverage for a single dispensing to an enrollee of a 12-month supply of prescription contraceptives. **The bill takes effect July 1, 2018.**

Fiscal Summary

State Effect: Medicaid expenditures increase by *at least* \$2.0 million (89% federal funds, 11% general funds) in FY 2019, as discussed below. Federal fund revenues increase correspondingly. Future years reflect annualization and growth in enrollment and service costs. This estimate does not reflect the cost of presumptive eligibility; however, special fund expenditures increase by an indeterminate amount in FY 2020 and/or 2021 to integrate a process for presumptive eligibility into Maryland Health Connection. **This bill increases the cost of an existing entitlement program.**

(in dollars)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
FF Revenue	\$1,794,800	\$2,018,100	\$2,115,400	\$2,217,300	\$2,324,200
GF Expenditure	\$220,800	\$246,000	\$257,200	\$269,000	\$281,300
SF Expenditure	\$0	-	-	\$0	\$0
FF Expenditure	\$1,794,800	\$2,018,100	\$2,115,400	\$2,217,300	\$2,324,200
Net Effect	(\$220,800)	(-)	(-)	(\$269,000)	(\$281,300)

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

Local Effect: None.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: The State Plan Amendment must (1) provide, subject to the limitations of the State budget, family planning services to men and women with incomes at or below 250% of federal poverty guidelines (FPG); (2) not impose age limitations on individuals who are able to receive family planning services; (3) establish a presumptive eligibility process for enrollment in the Family Planning Program; and (4) exempt the program from federal coordination of benefits requirements, if authorized under federal law.

Current Law: Family planning is a mandatory Medicaid benefit. Medicaid enrollees, whether enrolled in a HealthChoice managed care organization or the fee-for-service program, receive family planning, prenatal services, and gynecological services. Eligibility for family planning services under Medicaid is limited to women with incomes up to 138% FPG.

Medicaid also provides a Family Planning Waiver Program, which is a limited benefit program that covers only family planning services. The waiver program is open to women (1) with incomes at or below 200% FPG; (2) who are younger than age 51; (3) who are a U.S. citizen or qualifying alien residing in Maryland; and (4) who are not already enrolled in Medicaid or Medicare. Enrollment in the waiver program has declined significantly since the expansion of Medicaid eligibility under the federal Patient Protection and Affordable Care Act.

Under Chapters 436 and 437 of 2016 (The Contraceptive Equity Act), health insurance carriers, as well as Medicaid and MCHP, must provide coverage for a single dispensing of a *six-month* supply of prescription contraceptives. This requirement does not apply to the first two-month supply of prescription contraceptives dispensed under the initial prescription or any subsequent prescription for a contraceptive that is different than the last contraceptive dispensed.

MHBE was created during the 2011 session to provide a marketplace for individuals and small businesses to purchase affordable health coverage. Through the Maryland Health Connection online portal, Maryland residents can shop for health insurance plans, compare rates, and determine their eligibility for federal advanced premium tax credits, cost-sharing reduction plans, and public assistance programs such as Medicaid.

Background: According to the Guttmacher Institute, 25 states (including Maryland) have expanded Medicaid eligibility for family planning services to individuals who would not otherwise be eligible. Most states provide coverage for income to about 200% FPG. Five states provide coverage for income of 250% FPG or greater (Connecticut 263% FPG, New Mexico 255% FPG, Oregon 250% FPG, Washington 250% FPG, and Wisconsin 306% FPG). Iowa offers coverage up to 300% FPG through a state-funded program. Nineteen states (including Pennsylvania and Virginia) provide coverage to men and women.

State Fiscal Effect: Medicaid expenditures increase by \$2,015,502 (89% federal funds, 11% general funds) in fiscal 2019 to provide a single dispensing of a 12-month supply of prescription contraceptives and to expand the Medicaid Family Planning Waiver Program. This estimate assumes that MDH can apply for a State Plan Amendment, convene a workgroup on presumptive eligibility, and report to the General Assembly with existing budgeted resources.

Single Dispensing of a 12-month Supply of Prescription Contraceptives

Medicaid expenditures increase by \$1,822,350 (90% federal funds, 10% general funds) in fiscal 2019, which accounts for the bill's July 1, 2018 effective date, to provide a single dispensing of a 12-month supply of prescription contraceptives. The information and assumptions used in calculating this estimate are stated below.

- Medicaid must provide an additional six months of prescription contraceptives to individuals who currently receive only a six-month supply.
- An estimated 7,254 women who would otherwise not remain eligible or would not renew their coverage receive an additional six months of prescription contraceptives.
- The average monthly cost of a prescription contraceptive is \$41.87.
- The federal matching rate for prescription contraceptives is 90%.

To the extent that women receiving a 12-month dispensing of prescription contraceptives lose eligibility for family planning services, Medicaid may lose federal matching funds for certain months of coverage, thereby increasing general fund costs.

Future year expenditures reflect 2.7% enrollment growth and 2.0% growth in prescription costs. Federal fund revenues increase accordingly.

Expansion of Medicaid Family Planning Program

Medicaid expenditures increase by \$193,152 (80% federal funds, 20% general funds) in fiscal 2019, which assumes that a State Plan Amendment is granted and that the Medicaid Family Planning Waiver Program is expanded January 1, 2019. This estimate reflects the cost to expand the program to men and women of all ages with incomes up to 250% FPG. The information and assumptions used in calculating this estimate are stated below.

- An estimated 3,201 men and women with incomes below 200% FPG enroll in the program due to the lifting of age and gender restrictions.
- An estimated 5,871 men and women with incomes between 200% FPG and 250% FPG enroll in the program due to the lifting of age and gender restrictions and an increase in income eligibility.
- The annual service cost per enrollee is \$32 (as this is based on serving women, the actual annual service cost may differ to serve both men and women).
- Medicaid incurs \$48,000 in contractor costs for the vendor that maintains the separate eligibility system for the program.
- As contractor costs are based on the number of enrollees, to the extent participation is greater, costs increase by \$24,000 for each additional 5,000 enrollees.
- Expansion of the program begins January 1, 2019.
- The federal matching rate is 90% for family planning services and 50% for contractor costs.

Future year expenditures reflect annualization, 3.4% enrollment growth, and 2.0% growth in service costs. Federal fund revenues increase accordingly.

This estimate *does not* reflect the cost to implement presumptive eligibility for family planning services. MDH advises that such costs are indeterminate but likely significant. During the presumptive eligibility period, any family planning services would be subject to a 50% federal match, as the full 90% matching rate is not available until an individual completes a full Medicaid application and is determined eligible for the program. Therefore, the State share under presumptive eligibility may be significantly greater.

In addition to increased Medicaid costs for presumptive eligibility, special fund expenditures for MHBE increase by an indeterminate amount in fiscal 2020 and/or 2021

to integrate an eligibility and enrollment process for the Medicaid Family Planning Program into Maryland Health Connection. MHBE did not quantify these costs.

Small Business Effect: Small businesses that provide family planning services benefit.

Additional Information

Prior Introductions: None.

Cross File: HB 994 (Delegate Barron, *et al.*) - Health and Government Operations.

Information Source(s): Guttmacher Institute; Maryland Department of Health; Maryland Health Benefit Exchange; Department of Legislative Services

Fiscal Note History: First Reader - February 27, 2018
md/ljm Third Reader - April 4, 2018
Revised - Amendment(s) - April 4, 2018

Analysis by: Jennifer B. Chasse

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