

Department of Legislative Services  
 Maryland General Assembly  
 2021 Session

FISCAL AND POLICY NOTE  
 First Reader

House Bill 1076 (Delegate Saab)  
 Appropriations

Public Assistance Programs – Data Sharing and Review (Welfare Program Integrity Act of 2021)

This bill requires both the Maryland Department of Health (MDH) and the Family Investment Administration (FIA) in the Department of Human Services (DHS) to enter into data-sharing agreements with specified State agencies to identify changes that may affect an individual’s eligibility for Medicaid or other specified public assistance programs. The MDH Office of the Inspector General (OIG) must review the information shared under the data-sharing agreements at least quarterly, and OIG may contract with an independent vendor to provide additional data or information.

Fiscal Summary

**State Effect:** General fund expenditures increase by *at least* \$117,000 in FY 2022 for additional staff. Future years reflect annualization, elimination of one-time costs, and ongoing operating expenses. To the extent the bill results in the disenrollment of individuals found ineligible for Medicaid and other public assistance programs, MDH general and federal fund expenditures and DHS general, federal, and special fund expenditures decrease beginning in FY 2022; Medicaid federal fund revenues decrease accordingly.

(in dollars)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
FF Revenue	(-)	(-)	(-)	(-)	(-)
GF Expenditure	\$117,000	\$136,200	\$140,200	\$145,200	\$150,500
GF/SF/FF Exp.	(-)	(-)	(-)	(-)	(-)
Net Effect	(\$117,000)	(\$136,200)	(\$140,200)	(\$145,200)	(\$150,500)

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

**Local Effect:** None.

**Small Business Effect:** None.

## Analysis

**Bill Summary:** MDH must enter into data-sharing agreements with the Division of Vital Records (DVR) and the Maryland Department of Labor (MDL), including by memorandum of understanding (MOU), to identify any changes that may affect an individual's eligibility for Medicaid.

FIA must enter into such agreements, including by MOU, with (1) the State Lottery and Gaming Control Agency (SLGCA) to identify individuals with substantial lottery or gambling winnings and (2) MDH, DVR, and MDL to identify any changes in circumstances that may affect an individual's eligibility for specified public assistance programs.

### **Current Law:**

#### *Maryland Department of Health*

Medicaid is a comprehensive health care program for indigent and medically indigent individuals. Covered services in Maryland include inpatient and outpatient hospital, pharmacy, physician care, nursing facility, behavioral health, medical day care, and various home- and community-based services. Eligibility for Medicaid is determined by staff in MDH, DHS, and the Maryland Health Benefit Exchange (MHBE).

Chapter 70 of 2006 codified OIG within MDH and authorized the Inspector General (IG) to investigate fraud, waste, and abuse of departmental funds. OIG must cooperate and coordinate investigative efforts with the Medicaid Fraud Control Unit, departmental programs, and other State and federal agencies to ensure a provider is not subject to duplicative audits. The IG may take necessary steps to recover (1) mistaken claims paid or payments obtained in error or fraudulent claims paid to or obtained by a provider and (2) the cost of benefits mistakenly paid or obtained in error or fraudulently paid to or obtained by a recipient.

MDH and MHBE currently have several data-sharing agreements in place. MDH and DVR (a division of MDH) have an agreement in place for the sharing of death reports. MHBE, which handles a majority of MDH's Medicaid determinations, has an agreement in place with MDL for Maryland Automated Benefit System (MABS) data, which includes income and employment information. MHBE is currently in the process of getting real-time data from MABS, as well as obtaining unemployment data.

MDH advises that OIG currently uses information from existing data-sharing agreements to investigate allegations of fraud committed by Medicaid providers and recipients. OIG also proactively identifies potential fraud, waste, and abuse involving Medicaid providers

by analyzing claims data. In general, investigations involving Medicaid recipients occur after OIG receives an allegation of fraud, after which OIG verifies the information provided by the recipient.

While the MDH OIG currently uses data from existing data-sharing agreements to investigate fraud, the office does not review such data on a quarterly basis.

*Department of Human Services*

FIA is the central coordinating and directing agency of all public assistance programs in the State and administers cash benefits and other grant programs that provide financial assistance to individuals and families. Benefit programs administered by FIA include (1) Temporary Cash Assistance; (2) the Temporary Disability Assistance Program; (3) the Supplemental Nutrition Assistance Program; (4) Public Assistance to Adults; (5) the Emergency Assistance to Families with Children Program; (6) Welfare Avoidance Grants; and (7) the Burial Assistance Program.

Under the Code of Maryland Regulations, the Office of the Inspector General within DHS must identify, investigate, and resolve suspicions of fraud, waste, and abuse. The Program Fraud Division investigates suspected fraud within DHS programs, including FIA program applications, redeterminations, and open cases. DHS' Office of the Inspector General currently receives lottery match data from SLGCA to determine program eligibility and collaborates with the MDH OIG in Medicaid cases.

**State Fiscal Effect:** Under the bill, the MDH OIG must review the information shared under the six data-sharing agreements at least quarterly. As noted above, while the MDH OIG currently uses data from existing data-sharing agreements, the office does not review data from these agreements as specified under the bill. MDH advises that the OIG's Fraud Detection and Determination Unit currently does not have enough staff to meet the requirements of the bill.

Thus, MDH general fund expenditures increase by *at least* \$117,018 in fiscal 2022, which accounts for the bill's October 1, 2021 effective date. This estimate reflects the cost of hiring two administrators to review data on a quarterly basis, assist with the referral intake process, and assist with fraud investigations as indicated. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Positions	2.0
Salaries and Fringe Benefits	\$105,855
Operating Expenses	<u>11,163</u>
<b>Total FY 2022 State Expenditures</b>	<b>\$117,018</b>

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

This estimate does not reflect the cost of any information technology (IT) changes or enhancements that may be necessary to facilitate the exchange of data. Federal matching funds are available for IT changes at either a 50% matching rate or, if MDH submits an Advanced Planning Document for approval by the federal Centers for Medicare and Medicaid Services, a 90% matching rate. Furthermore, the estimate does not reflect any potential costs should the MDH OIG chose to contract with an independent vendor to provide additional data or information.

To the extent that quarterly review of data-sharing agreements results in a significant number of referrals for fraud, the MDH OIG likely needs additional personnel to handle the increased workload.

To the extent that the bill results in the disenrollment of individuals from Medicaid and FIA public assistance programs for which they are determined to be ineligible, Medicaid general and federal expenditures decrease, and FIA general, federal, and special fund expenditures decrease beginning as early as fiscal 2022; Medicaid federal matching fund revenues also decrease accordingly.

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### **Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** None.

**Information Source(s):** Comptroller's Office; Maryland Department of Health; Department of Human Services; Maryland Department of Labor; Maryland State Lottery and Gaming Control Agency; Department of Legislative Services

**Fiscal Note History:** First Reader - March 11, 2021  
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