

Department of Legislative Services
 Maryland General Assembly
 2021 Session

FISCAL AND POLICY NOTE
 Third Reader - Revised

Senate Bill 777

(Senator Elfreth, *et al.*)

Budget and Taxation

Health and Government Operations

Public Health - Maryland Prenatal and Infant Care Grant Program Fund

This bill renames the Maryland Prenatal and Infant Care Coordination Services Grant Program Fund as the Maryland Prenatal and Infant Care Grant Program Fund and expands the fund’s purpose to include awarding grants to federally qualified health centers (FQHCs), hospitals, and “providers of prenatal care.” The bill increases the amount of funding the Governor must provide for the fund in the annual budget from \$100,000 to \$1.1 million in fiscal 2023, \$2.1 million in fiscal 2024, and \$3.1 million beginning in fiscal 2025. The additional funding must be used for grants to FQHCs, hospitals, and providers of prenatal care. Beginning in calendar 2023, the Secretary of Health must submit a specified annual report by December 1 to the Governor and the General Assembly.

Fiscal Summary

State Effect: General fund expenditures increase by \$44,600 in FY 2022 for staff and \$1.1 million in FY 2023 for increased capitalization of the fund and ongoing staff costs; future years reflect the increasing mandated appropriation as well, as discussed below. Special fund revenues increase by \$1.0 million in FY 2023, \$2.0 million in FY 2024, and \$3.0 million beginning in FY 2025 from increased appropriations to the fund. Special fund expenditures increase correspondingly beginning in FY 2023 to provide additional grants from the fund. **This bill increases a mandated appropriation beginning in FY 2023.**

(in dollars)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
SF Revenue	\$0	\$1,000,000	\$2,000,000	\$3,000,000	\$3,000,000
GF Expenditure	\$44,600	\$1,075,400	\$2,077,700	\$3,080,500	\$3,083,300
SF Expenditure	\$0	\$1,000,000	\$2,000,000	\$3,000,000	\$3,000,000
Net Effect	(\$44,600)	(\$1,075,400)	(\$2,077,700)	(\$3,080,500)	(\$3,083,300)

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

Local Effect: Local revenues and expenditures increase to the extent that a local health department is a provider of prenatal care and applies for and is awarded funding. Local

revenues and expenditures may also be affected to the extent current funding provided for care coordination is redirected under the bill; any such impact is assumed to be negligible.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary:

Care Coordination Services

When awarding grants to counties and municipalities for care coordination services to low-income pregnant and postpartum women and to children from birth to age three, the Secretary of Health must give priority to proposals from a county or municipality that has high rates of infants with low birthweight, in addition to the priorities established under current law.

Access to Prenatal Care

“Provider of prenatal care” means a health care provider who is authorized to provide prenatal services under the Health Occupations Article.

The Secretary of Health, in coordination with the Maternal and Child Health Bureau (MCHB), must award competitive grants to FQHCs, hospitals, and “providers of prenatal care” that propose a program to increase accessibility to prenatal care in communities with members who would otherwise not receive prenatal care, including women who cannot obtain prenatal care due to their immigration status. Prenatal care may include behavioral and oral health services necessary for maintaining a healthy pregnancy. The Secretary must also establish procedures, in consultation with MCHB, for awarding grants to these entities. Priority must be given to proposals for a program to serve communities that have (1) a high number of births to women enrolled in Medicaid; (2) high rates of infant mortality; (3) high rates of preterm births; and (4) high rates of infants with low birthweight.

The Secretary must distribute *at least* the following grant totals to FQHCs, hospitals, or providers of prenatal care: (1) \$1.0 million in fiscal 2023; (2) \$2.0 million in fiscal 2024; and (3) \$3.0 million in fiscal 2025 and annually thereafter. Grant funding may be used to promote and market the proposed program. However, the Secretary may require an applicant to provide matching funds or in-kind contributions as a condition of receiving a grant. The Secretary must ensure that grant awards are used for (1) improving the health outcomes of pregnant women in the community served using the grant funds and

(2) collecting sufficient data to determine how to expand successful elements of the program to other communities in the State.

In the mandated annual report, the Secretary must include information about the grants distributed for the most recently closed fiscal year, including the total number of grants distributed, information about grant recipients, and information about the programs and services provided using grant funds.

Current Law: Chapters 558 and 559 of 2018 established the Maryland Prenatal and Infant Care Coordination Services Grant Program Fund to provide grants to counties and municipalities for care coordination services to low-income pregnant and postpartum women and to children from birth to age three. The Secretary of Health must award grants from the fund and, in coordination with members of the Children’s Cabinet, establish procedures to distribute money to local jurisdictions according to specified priorities. Chapter 661 of 2019 increased the amount of funding the Governor must annually provide to the fund from \$50,000 to \$100,000 beginning with fiscal 2021.

A local jurisdiction’s application for grant funding must include, at a minimum, (1) evidence that the care coordination services will be collaborative and involve appropriate public service agencies and community-based providers and (2) a plan to establish a database to collect data from the program to ensure that services are provided to families with the highest need. Local jurisdictions that are awarded grant funding must submit annual reports that include data describing the services provided, the number of and outcomes for individuals receiving services, and an assessment of the scalability of the funded activities.

The fund is a special, nonlapsing fund, administered by the Secretary of Health to be used only to provide grants under the program in accordance with the State budget. The fund consists of money appropriated in the budget, investment earnings, and money accepted from any other source for the benefit of the fund. Grants from the fund are supplemental to and not intended to supplant funding that would otherwise be appropriated for care coordination services. The fund is subject to audit by the Office of Legislative Audits.

State Fiscal Effect: The fund was established in October 2018, and modified in July 2019, with initial funding of \$50,000 (as required) included in the Governor’s fiscal 2020 budget, increasing to \$100,000 (as required) in the Governor’s fiscal 2021 budget. The Maryland Department of Health (MDH) did not receive additional staff to support the grant program when it was established or when it was modified. As the bill significantly increases the amount of grants to be awarded and expands the entities that may receive grants, MDH advises that it requires additional staff.

Thus, general fund expenditures increase by \$44,583 in fiscal 2022, which accounts for the bill’s October 1, 2021 effective date and a January 1, 2022 hiring date (as additional grants are not awarded until fiscal 2023). This estimate reflects the cost of hiring one health policy analyst to develop procedures for awarding grants to additional entities, process grant applications, and monitor the grants once awarded. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

	<u>FY 2022</u>	<u>FY 2023</u>
New Position	1.0	0
Additional Grants	\$0	\$1,000,000
Salary and Fringe Benefits	39,165	74,750
One-time Start-up Expenses	5,090	0
Ongoing Operating Expenses	<u>328</u>	<u>655</u>
Total Additional State Expenditures	\$44,583	\$1,075,405

Future year expenditures reflect a full salary with annual increases and employee turnover, ongoing operating expenses, and increased mandated appropriations to the fund beginning in fiscal 2023. It is assumed that personnel expenditures are not covered under the mandated appropriation as the bill requires that all of the additional appropriated funds be awarded as grants. Thus, general funds above the mandated appropriation continue to be necessary beyond fiscal 2022 for the new position. Although discretionary, additional funding could be provided in fiscal 2022 to award grants sooner.

Correspondingly, special fund revenues increase by \$1.0 million in fiscal 2023, \$2.0 million in fiscal 2024, and \$3.0 million in fiscal 2025 and annually thereafter, to reflect additional general funds received. Special fund expenditures to award grants also increase accordingly as the bill mandates all of the additional appropriated funds to be awarded as grants to the entities specified in the bill. The bill may also allow some of the existing funding to be redirected as it requires the Secretary to distribute *at least* the amount of the new funding to FQHCs, hospitals, and providers of prenatal care.

Small Business Effect: A provider of prenatal care that is also a small business may apply for and be awarded grant funding for programs and services authorized under the bill.

Additional Information

Prior Introductions: None.

Designated Cross File: HB 1349 (Delegate Sample-Hughes) - Health and Government Operations.

Information Source(s): Maryland Department of Health; Department of Legislative Services

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