

Department of Legislative Services
Maryland General Assembly
2023 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 625
Finance

(Senator Lam)

**Maryland Medical Assistance Program and Maryland Children's Health
Program - Continuous Eligibility**

This emergency bill requires the Maryland Department of Health (MDH), subject to the limitations of the State budget and as permitted by federal law, to adopt 12-month continuous eligibility for children under Medicaid and the Maryland Children's Health Program (MCHP). By January 1, 2024, MDH must apply for a federal § 1115 waiver, if necessary, to adopt 24-month continuous eligibility for adults and children under Medicaid and MCHP. If approved, MDH must adopt 24-month continuous eligibility for adults and children.

Fiscal Summary

State Effect: No likely effect in FY 2023 or 2024. To the extent 12-month continuous eligibility for children could be implemented as early as April 1, 2023, Medicaid expenditures would increase by \$10.9 million (52.8% federal funds, 47.2% general funds) to accelerate implementation by four months, as discussed below; federal fund revenues would increase accordingly. Beginning in FY 2025, assuming a waiver is granted, Medicaid expenditures (61% federal funds, 39% general funds) increase by an indeterminate but significant amount to implement 24-month continuous eligibility for adults and children. Federal fund revenues increase accordingly. **This bill increases the cost of an entitlement program beginning in FY 2025.**

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Medicaid is a comprehensive health insurance 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, dental, and various home- and community-based services.

MCHP provides comprehensive health insurance coverage to uninsured low-income children from birth up to age 19 living in households with incomes above the Medicaid eligibility limit but at or below 211% federal poverty guidelines (FPG). MCHP enrollees in households with incomes above 211% FPG but below 322% FPG are eligible for premium plans in which a family must pay a monthly premium of about 2% of family income (\$61 or \$76, depending on the household income).

The federal Consolidated Appropriations Act of 2023, among other things, requires all state Medicaid agencies to provide up to 12 months of continuous eligibility for children by January 1, 2024. This guarantees full-year Medicaid/MCHP coverage for eligible Maryland children up to age 19. MDH is currently reviewing system requirements for implementing continuous eligibility, with a tentative start date of August 2023.

State Fiscal Effect:

Twelve-month Continuous Eligibility for Children

As MDH is in the process of implementing 12-month continuous eligibility for children in Medicaid/MCHP under a federal mandate, the bill's requirement likely has no meaningful effect. However, under the bill, implementation would be required as early as April 1, 2023. MDH advises that it is not feasible to accelerate implementation (which is not required under federal law until January 1, 2024). To the extent that implementation of 12-month continuous eligibility *could* be accelerated, Medicaid expenditures would increase by an estimated \$10.9 million (52.8% federal funds, 43.2% general funds) – \$8.2 million in fiscal 2023 and \$2.7 million in fiscal 2024 to accelerate implementation by four months. Federal fund revenues increase accordingly.

This analysis assumes that implementation cannot be accelerated and occurs in August 2023, and that any costs associated with implementation of 12-month continuous eligibility for children under Medicaid/MCHP results from the federal mandate and not from this bill.

Twenty-four-month Continuous Eligibility for Adults and Children

MDH can apply for a federal § 1115 waiver, if necessary, to adopt 24-month continuous eligibility for adults and children by January 1, 2024, using existing budgeted resources. However, MDH advises that it needs additional time to assess the impact of implementing 12-months continuous eligibility for children before evaluating the impact of 24-month continuous eligibility for both adults and children, which is anticipated to have substantial costs.

Should a federal waiver be necessary and granted, 24-month continuous eligibility for adults and children may be implemented and Medicaid expenditures (61% federal funds, 39% general funds) increase by an indeterminate but significant amount beginning in fiscal 2025. Federal fund revenues increase accordingly.

Additional Comments: Currently, all Medicaid and MCHP enrollees are continuously enrolled until after the end of the COVID-19 public health emergency (March 31, 2023). Per federal guidance, state Medicaid programs must return to normal operations and eligibility redeterminations beginning April 1, 2023. States may take up to 12 months to *initiate* eligibility renewals and up to 14 months to *complete* eligibility renewals. MDH plans to use the full 14 months following April 1, 2023, to complete its redetermination process. Thus, the first round of renewals that may end in disenrollment begins April 1, but individuals will not lose coverage until June 1 after their renewal materials are reviewed and outreach and notice has been sent about the upcoming disenrollment.

Additional Information

Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

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

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km/ljm

Analysis by: Jennifer B. Chasse

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