



Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor · Dennis R. Schrader, Secretary

January 25, 2022

The Honorable Delores G. Kelley
Chair, Senate Finance Committee
3 East Miller Senate Office Building
Annapolis, MD 21401-1991

**RE: SB 28 – Home- and Community-Based Services Waiver – Participation and Applications
– Letter of Opposition**

Dear Chair Kelley and Committee Members:

The Maryland Department of Health (MDH) respectfully submits this letter of opposition on Senate Bill (SB) 28 – Home- and Community-Based Services Waiver – Participation and Applications. SB 28 would have a large annual fiscal impact. For Fiscal Year (FY) 2023 alone, the legislation will cost a total of \$77.9 million (\$38.9 million in State general funds, \$38.9 million in federal funds). MDH respectfully opposes this legislation on the basis of fiscal impact.

SB 28 will require MDH to have a minimum of at least 7,500 participants in the community-based long-term services and supports waiver programs. Currently, MDH is approved by the Center for Medicare and Medicaid Services (CMS) for 6,348 participant slots, of which approximately 4,286 are filled. The bill will require funding to fill the remaining 2,062 unfilled slots and create 1,152 new slots to bring the total to 7,500 slots in FY23. Additionally, MDH will need to submit a waiver amendment to CMS.

To fill the 3,214 vacant slots needed to reach the minimum of 7,500 participants, MDH estimates sending 20,088 mailings, which in turn will generate an estimated 12,053 applications and a total of 3,214 enrollments.¹ The initial cost of assessing the 12,053 applications for FY23 will be \$5.8 million. The annual assessing costs for these enrolled individuals after FY23 will be \$1.6 million with additional annual service costs of \$141 million. MDH will need additional staff to handle the large volume of applications anticipated.

SB 28 also requires MDH to contact 600 individuals on the waiver waiting list or registry monthly. MDH currently contacts 300 individuals on the registry monthly (3,600 annually). Mailings will need to state that the individual must submit an application within six weeks of receipt. MDH notes that individuals are currently permitted nine weeks to return an application. MDH anticipates that of the additional 3,600 individuals contacted, 2,160 will apply and an additional 576 individuals will enroll annually beginning in FY24.

¹ Our historical data shows we only get a response rate of about 30% for mailings and of those responses, only a fraction meet the requirements for the waiver.

The total projected cost for FY23 is \$77.9 million (\$38.9 million State general funds, \$38.9 million federal funds). Based on retention of existing enrollees and year over year annual growth of 576 new enrollees, costs will compound beginning in FY24. Expected costs for subsequent fiscal years are as follows:

- FY24: \$169.3 million (\$84.65 million State general funds, \$84.65 million federal funds)
- FY25: \$194.8 million (\$97.4 State general funds, \$97.4 million federal funds)
- FY26: \$220.4 million (\$110.2 State general funds, \$110.2 million federal funds)
- FY27: \$246 million (\$123 million State general funds, \$123 million federal funds)

Due to the estimated cost of approximately \$908 million over the next five fiscal years, MDH respectfully opposes this legislation. If you would like to discuss this further, please contact Heather Shek, Director, Office of Governmental Affairs at (443) 695-4218 or heather.shek@maryland.gov.

Sincerely,



Dennis R. Schrader
Secretary