



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

March 2, 2022

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

RE: SB 778 – Maryland Medical Assistance Program - Children and Pregnant Women (Healthy Babies Equity Act) – Letter of Information

Dear Chair Kelley and Committee Members:

The Maryland Department of Health (MDH) respectfully submits this letter of information for Senate Bill (HB) 778 – Maryland Medical Assistance Program - Children and Pregnant Women (Healthy Babies Equity Act). SB 778 requires the Maryland Medical Assistance (Medicaid) program to cover, subject to the limitations of the state budget, comprehensive medical care and other health care services to non citizen pregnant women who would be eligible for the program but for their immigration status and to their children up to the age of one (1) year. MDH assumes the intent of SB 778 is to cover *both* the birthing parent and their child(ren) for 12 months after birth.¹

Noncitizen pregnant women do not qualify for full Medicaid coverage under the existing eligibility rules. If these individuals would otherwise qualify for Medicaid (e.g. based on income), MDH will cover both emergency medical care and labor and delivery services. From fiscal year (FY) 2019 through FY 2021, on average 5,785 pregnant women met this criteria. Individuals may enroll early in their pregnancy as a convenience to hospitals, but payments are restricted to services with labor and delivery. However, Medical Assistance coverage is provided for a period of 12 months to any baby born to a woman whose labor and delivery services were paid for by MDH.

MDH estimates that the annual fiscal impact of SB 778 in FY23 will be \$149 million total funds (\$97 million federal funds, \$52 million general funds) with costs increasing incrementally each year thereafter. As MDH already covers labor and delivery costs and coverage for newborns up to one year old for this population, the additional costs will be for prenatal and postpartum care, including both full medical and dental coverage.

¹ MDH will begin covering services for individuals who were pregnant for twelve months postpartum beginning April 1, 2022. The state plan authority, authorized by the American Rescue Plan Act (ARPA), will remain in effect for a period of five years. To note, this coverage does not include noncitizen individuals.

To cover prenatal services for non citizen pregnant women, MDH will need to create a new Children's Health Insurance Program (CHIP) initiative. In 2002, CMS clarified its definition of 'child' in 42 CFR 457.10 to be 'an individual under the age of 19 including the period from conception to birth.' This allows states who elect the "unborn child" option to provide coverage to pregnant individuals who themselves are not eligible for Medicaid or CHIP. States that elect to extend this coverage must do so under a separate CHIP program. Maryland Medicaid currently operates its CHIP coverage as an expansion program, so a separate CHIP program for this population will need to be established.

Furthermore, states that elect the unborn child option may also cover postpartum care for the woman by either using a CHIP Health Services Initiative (HSI) or paying for the services through a global fee that includes prenatal, labor and delivery, and postpartum care for 60 days after the end of the pregnancy. To cover 12 months MDH will need to use a CHIP HSI.

Under Title XXI of the Social Security Act, which authorizes CHIP, states may draw down federal matching funds for HSIs that aim to improve the health of children enrolled in, or eligible for, Medicaid/CHIP.² States that pursue HSIs are granted flexibility to design and implement programs or services that meet the health needs of the eligible population. The overall expenditures under HSI cannot exceed 10 percent of the total amount that a state spends on CHIP health benefits. Currently there are two HSIs implemented in Maryland. Maryland uses HSI funding to (i) support the State's poison control centers, and (ii) operate programs that identify and remove lead hazards in the homes of low-income children and that provide home-visiting services for children with moderate to severe asthma or elevated blood lead levels.

If you have any questions, please contact Heather Shek, Director of Governmental Affairs, at heather.shek@maryland.gov or (443) 695-4218.

Sincerely,



Dennis R. Schrader
Secretary

² CMS defines HSIs as activities that "protect the public health, protect the health of individuals, improve or promote a State's capacity to deliver public health services, and/or strengthen the human and material resources necessary to accomplish public health goals" (42 CFR 457.10).