



Wes Moore, Governor · Aruna Miller, Lt. Governor · Laura Herrera Scott, M.D., M.P.H., Secretary

March 14, 2024

The Honorable Joseline A. Peña-Melnyk
Chair, House Health and Government Operations Committee
Room 241, House Office Building
Annapolis, MD 21401-1991

RE: House Bill 1521 – Maryland Children’s Health Program – Eligibility and Administration – Letter of Support

Dear Chair Peña-Melnyk and Committee Members:

The Maryland Department of Health (Department) respectfully submits this letter of support for House Bill (HB) 1521 – Maryland Children’s Health Program – Eligibility and Administration. HB 1521 would eliminate collection of premiums for individuals enrolled in MCHP Premium Program and abrogate certain sections of the Insurance Article that are no longer reflective of current program operations.

Effective September 1, 2023, the Department implemented 12-month continuous eligibility for all children enrolled in Medical Assistance. Federal law required states to implement this change no later than January 1, 2024. As a result, MCHP Premium enrollees’ eligibility is no longer contingent on timely payment of a premium. Therefore, the Department cannot enforce collection of MCHP premium payments throughout the year. As a result, the Department expects the premiums that would be collected will substantially decrease to one-twelfth of the revenue projected before continuous eligibility was enacted (\$866,167 TF, \$303,159 GF). These remaining revenues would be lost if HB 1521 were enacted.

However, there would also be savings associated with discontinuing the infrastructure needed to collect premiums: the MCHP Premium collection system and related mailings (\$966,132 TF, \$338,146 GF). **These savings offset the lost premium revenue, resulting in a nominal net savings of \$34,988 GF annually.** The Department notes that actual premiums collected may be lower than projected.

Premiums for enrollment to MCHP also add barriers for low-income children and their families. These barriers impact continuity of coverage and care for children to improve their health outcomes. Thus, making initial enrollment in MCHP Premium contingent on the payment of at least one month’s premium would have strong potential to result in delays in care and also require additional systematic changes, resulting in an indeterminate, but potentially substantial fiscal impact in addition to worsened health outcomes for participants.

Further, with the new federal guidance, the costs of administering premium collections (updating information technology systems, mailings, and other administrative costs) will now exceed expected premium revenues. HB 1521 is both a win for children and their families and the best use of state dollars. In summary, we recommend a favorable report to allow the Department to focus our resources on services instead of bureaucracy to provide better outcomes for Maryland children.

Finally, the Department notes that the amendments to Md. Insurance Code Ann. §§ 15-1213 and 15-1406 are administrative clean ups to remove references to legacy coverage groups for the MCHP private option plan, which sunset in 2003. There is no fiscal impact associated with these changes.

If you would like to discuss this further, please do not hesitate to contact Sarah Case-Herron at sarah.case-herron@maryland.gov or (410) 260-3190.

Sincerely,

A handwritten signature in blue ink, appearing to read "LH Scott", enclosed in a light blue rectangular box.

Laura Herrera Scott, M.D., M.P.H.
Secretary