

---

**SB 6 – Summary of Working Families and  
Small Business Health Coverage Act**

**Chapter 7**

---

**Department of Legislative Services  
Office of Policy Analysis**

**November 26, 2007**

## SB 6 – Working Families and Small Business Health Coverage Act (Chapter 7)

---

- The bill expands eligibility for Medicaid to parents and caretaker relatives with a dependent child living in the home and annual household incomes up to 116% FPG.
- The bill also expands eligibility for Medicaid to childless adults with annual household incomes up to 116% FPG, including current Primary Adult Care Program enrollees, and repeals the Primary Adult Care Program. The Department of Health and Mental Hygiene is authorized to cap enrollment and limit benefits for childless adults, which will be phased in over four years. In fiscal 2010 through 2012, it is the intent of the General Assembly that benefit expansion occur upon attainment of specified combined total general fund and Education Trust Fund revenues as submitted in the Governor’s proposed budget.
- The bill establishes a Small Employer Health Benefit Plan Premium Subsidy Program to provide subsidies to small employers and their employees if the employer has *not* offered a small employer health benefit plan for at least 12 consecutive months. To be eligible, a small employer must (1) have from two to nine eligible employees; (2) meet salary and wage requirements determined by the Maryland Health Care Commission; (3) establish a certain payroll deduction plan; (4) agree to offer a wellness benefit, as required by MHCC; and (5) meet any other requirements established by MHCC. The total amount of subsidies provided is subject to the limitations of the State budget.
- The bill authorizes the Health Services Cost Review Commission, on or after July 1, 2009, to assess an amount in each hospital’s rates equal to a portion of the resulting savings in hospital uncompensated care and requires HSCRC to share any savings not subject to the assessment equitably among purchasers of hospital services.
- The bill establishes a Health Care Coverage Fund for: (1) expanding Medicaid eligibility; (2) funding the Small Employer Health Benefit Plan Premium Subsidy Program; and (3) providing specified funding for health care services in Prince George’s County. The fund consists primarily of \$75 million from the Maryland Health Insurance Plan Fund and moneys collected from the assessment of uncompensated care savings achieved under the bill.
- The bill authorizes the provision of an annual operating grant of up to \$10.0 million to an independent entity with authority over the facilities currently operated by and services currently provided by Dimensions Healthcare System in fiscal 2011 through 2013. The grants may only be provided under specified circumstances.
- The bill requires “prominent” carriers and permits other carriers to offer a wellness benefit in the small group health insurance market; requires MHCC to adopt regulations specifying the components of a wellness benefit; and allows wellness benefits to include incentives or differential cost sharing.

- The bill states that it is the intent of the General Assembly, as part of the overall expansion of Medicaid eligibility, to increase access to long-term care services to certain financially eligible individuals who currently do not meet the Medicaid standard of care requirement. *(Potentially significant costs associated with this provision are not included in Exhibit 1.)*

**Exhibit 1**  
**Projected Expenditures and Funding Sources<sup>1</sup>**  
**Fiscal 2009-2013**  
**(\$ in Thousands)**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b><u>Expenditures</u></b>					
Medicaid Expansion – Parents <sup>2</sup>	\$152,691	\$168,395	\$185,555	\$204,299	\$224,764
Medicaid Expansion – Childless Adults	0	69,024	171,624	492,326	545,146
Medicaid Expansion – Administration	2,631	3,439	4,731	7,543	7,379
Small Employer Health Benefit Plan Premium Subsidy Program	30,000	30,000	30,000	30,000	30,000
Grants to Prince George’s County <sup>3</sup>	0	0	10,000	10,000	10,000
General Fund Savings <sup>4</sup>	0	(1,664)	(2,081)	(3,827)	(5,652)
<b>Total Expenditures</b>	<b>\$185,322</b>	<b>\$269,194</b>	<b>\$399,829</b>	<b>\$740,341</b>	<b>\$811,637</b>
<b><u>Funding Sources</u></b>					
<i>Special Funds</i>					
MHIP Balance	\$75,000	\$0	\$0	\$0	\$0
Uncompensated Care Savings	0	55,469	69,362	127,570	188,406
<i>Federal Funds</i>					
Projected Match – MHIP Balance <sup>5</sup>	33,000	0	0	0	0
Projected Match – Uncompensated Care Savings <sup>5</sup>	0	24,406	30,519	56,131	82,899
Medicaid <sup>6</sup>	38,661	94,659	144,974	273,320	265,166
<b>Total Federal Funds</b>	<b>71,661</b>	<b>119,066</b>	<b>175,493</b>	<b>329,451</b>	<b>348,065</b>
<i>General Funds<sup>7</sup></i>	38,661	109,659	154,974	283,320	275,166
<b>Total Funding Sources</b>	<b>\$185,322</b>	<b>\$269,194</b>	<b>\$399,829</b>	<b>\$740,341</b>	<b>\$811,637</b>

<sup>1</sup> Exhibit does not include \$3.0 million (50% general funds/50% federal funds) in administrative expenses for the Department of Human Resources in fiscal 2008.

<sup>2</sup> Includes the cost of children who enroll with the parent or caretaker relative.

<sup>3</sup> Assumes all contingencies are met and a general fund grant of \$10 million is provided in fiscal 2011 through 2013.

<sup>4</sup> Reflects general fund savings to Medicaid from reduced hospital rates.

<sup>5</sup> Assumes a 44% federal matching rate.

<sup>6</sup> Assumes a 50% federal matching rate.

<sup>7</sup> Figure includes \$10 million grant to Prince George’s in fiscal 2011 through 2013.

---

**Exhibit 2**  
**Projected Total Enrollment Under SB 6<sup>1</sup>**  
**Fiscal 2009-2013**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Newly Insured Parents/Caretaker Relatives – Medicaid	16,605	17,347	18,103	18,872	19,655
Newly Insured Adults – Small Business Health Insurance Subsidy Program	15,000	15,000	15,000	15,000	15,000
Newly Enrolled Children – Medicaid (Previously Eligible for Medicaid)	10,609	11,429	12,265	13,116	13,984
Crowd-out Enrollees – Medicaid (Previously Insured) <sup>2</sup>	9,206	9,299	9,391	20,397	20,601
Childless Adults Who Gain Expanded Benefits – (Previously Eligible for PAC)	0	36,344	42,839	49,489	52,056
<b>Total Enrollment</b>	<b>51,420</b>	<b>89,419</b>	<b>97,598</b>	<b>116,874</b>	<b>121,296</b>

<sup>1</sup> Assumes take-up rates of 80% for parents with enrolled children, 30% for parents without enrolled children, and 30% for children in fiscal 2009 with an annual 2% increase thereafter; and 0%, 10%, 20%, 30%, and 32% over the five years for childless adults.

<sup>2</sup> Assumes that 10% of eligible individuals with group insurance and 15% of eligible individuals with direct purchase insurance will drop coverage and enroll.

---

**Exhibit 3**  
**116% Federal Poverty Guidelines**  
**2007**

<u>Family Size</u>	<u>116% FPG</u>
1	\$11,844
2	\$15,880
3	\$19,917
4	\$23,954

---