

MAINE STATE LEGISLATURE

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Date: 6/17/15

L.D. 854

(Filing No. H-470)

Majority

HEALTH AND HUMAN SERVICES

Reproduced and distributed under the direction of the Clerk of the House.

**STATE OF MAINE
HOUSE OF REPRESENTATIVES
127TH LEGISLATURE
FIRST REGULAR SESSION**

COMMITTEE AMENDMENT "A" to H.P. 588, L.D. 854, Bill, "An Act To Increase Access to Health Security by Expanding Federally Funded Health Care for Maine People"

Amend the bill by inserting after the enacting clause and before section 1 the following:

'PART A'

Amend the bill by striking out all of section 3 and inserting the following:

'Sec. 3. 22 MRSA §3174-G, sub-§1, ¶H is enacted to read:

H. Beginning January 1, 2016, a person under 65 years of age who is not otherwise eligible for medical assistance under this section, who qualifies for medical assistance pursuant to 42 United States Code, Section 1396a(a)(10)(A)(i)(VIII) and who has income at or below 133% of the nonfarm income official poverty line plus 5% for the applicable family size as required by federal law. A person eligible for medical assistance under this paragraph must receive the same coverage as is provided to a person eligible under paragraph E. The following program requirements and contingencies apply.

(1) Medicaid services provided under this paragraph must be provided within the limits of the state and federal funds provided and allocated for the program budget. Funds budgeted for services under this paragraph must include an annual inflationary adjustment equivalent to the rate of inflation in the Medicaid program.

(2) On a quarterly basis, the commissioner shall determine the fiscal status of program expenditures as a result of expansion under this paragraph and report the fiscal status of the program to the joint standing committees having jurisdiction over health and human services matters and appropriations and financial affairs. A committee reported to may request and receive information necessary to determine the fiscal status of the program.

COMMITTEE AMENDMENT

(3) After the first quarter of fiscal year 2016-17, if the commissioner reasonably anticipates that the cost of the program will exceed the budgeted amount for the population described in this paragraph after considering any administrative changes available that may reduce program cost and all savings achieved and anticipated to be achieved in the MaineCare or state funded-programs as a result of this coverage, the commissioner may terminate the program 90 days after reporting to the joint standing committees having jurisdiction over health and human services matters and appropriations and financial affairs that expenses for services provided under this subsection are anticipated to exceed the appropriated funds.

(4) If the federal medical assistance percentage for individuals eligible under this paragraph is, by federal law, reduced below the amounts specified in 42 United States Code, Section 1396d(y)(1), the commissioner has the authority to terminate the program 90 days after the change is made to the federal law.

The commissioner shall adopt rules pursuant to this paragraph, as necessary, to establish program requirements and to ensure that program expenditures are within the budgeted amounts. Rules adopted pursuant to this paragraph are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A. Notwithstanding Title 5, section 8054, if it is necessary to meet the requirements set forth in this paragraph, the department shall adopt emergency rules under Title 5, chapter 375 without the necessity of demonstrating that immediate adoption is necessary to avoid a threat to public health or safety or the general welfare.

PART B

Sec. B-1. Evaluation report. The Office of Fiscal and Program Review, referred to in this section as "the fiscal office," shall study the impact of the MaineCare expansion authorized in the Maine Revised Statutes, Title 22, section 3174-G, subsection 1, paragraph H on programs and services under this Part that do not currently receive federal medical assistance percentage matching funds or do not qualify for enhanced federal medical assistance percentage matching funds under the federal Patient Protection and Affordable Care Act, 42 United States Code, Section 18001, et seq., with the goal of identifying and maximizing General Fund savings. The Commissioner of Health and Human Services, the Commissioner of Corrections and the Executive Director of the State Board of Corrections shall provide to the fiscal office information and assistance requested for preparation of the evaluation. In evaluating the programs and services under this Part, the fiscal office shall at a minimum evaluate the impact on the following programs and services: the state-funded Mental Health Services - Community, Office of Substance Abuse and General Assistance - Reimbursement to Cities and Towns programs; the elderly low-cost drug program under Title 22, section 254-D; services provided for individuals 21 to 64 years of age who are currently eligible for MaineCare under the medically needy program; services provided under the State's demonstration project waiver under Section 1115 of the United States Social Security Act, 42 United States Code, Section 301, et seq., for individuals with HIV/AIDS; services provided for parents participating in family reunification activities; services provided for disabled individuals 21 to 64 years of age with incomes below 139% of the federal poverty level

2016

1 as defined by the federal Department of Health and Human Services and updated
2 annually in the Federal Register under authority of 42 United States Code, Section
3 9902(2); services provided to individuals awaiting a MaineCare disability determination
4 who are subsequently determined disabled; services provided to individuals who would
5 have been considered eligible on the basis of a disability but for whom the full
6 determination process was not completed; and medical services provided to persons in the
7 care and custody of the Department of Corrections or a county correctional facility. The
8 fiscal office also shall examine the amount of payment for services that hospitals received
9 during fiscal years 2015-16 and 2016-17 as a result of the expansion of MaineCare
10 eligibility pursuant to Title 22, section 3174-G, subsection 1, paragraph H.

11 The fiscal office shall report, no later than February 15, 2016 and February 15, 2017,
12 to the joint standing committee of the Legislature having jurisdiction over appropriations
13 and financial affairs, the joint standing committee of the Legislature having jurisdiction
14 over health and human services matters and the joint standing committee of the
15 Legislature having jurisdiction over criminal justice and public safety matters on the
16 amount of General Fund savings resulting from the MaineCare expansion authorized in
17 Title 22, section 3174-G, subsection 1, paragraph H and by the fiscal office pursuant to
18 this section. The reports must include the amount of savings expected and realized
19 during fiscal years 2015-16 and 2016-17 by service area or program, the amount
20 deposited in the MaineCare Stabilization Fund pursuant to section 2 of this Part and the
21 amount of savings projected to be achieved through fiscal year 2020-21 by service area or
22 program.

23 **Sec. B-2. Calculation and transfer.** Notwithstanding any other provision of
24 law, the State Budget Officer shall calculate the amount of savings identified in this Part
25 that applies against each General Fund account statewide as a result of the expansion of
26 MaineCare eligibility authorized in the Maine Revised Statutes, Title 22, section 3174-G,
27 subsection 1, paragraph H and shall transfer the amounts up to the amounts specified in
28 section 4 of this Part by financial order upon the approval of the Governor. These
29 transfers are considered adjustments to appropriations in fiscal year 2015-16 and fiscal
30 year 2016-17. The State Controller shall transfer any amounts identified under this Part
31 greater than the amounts specified in section 4 of this Part to the MaineCare Stabilization
32 Fund established under Title 22, section 3174-KK. The State Budget Officer shall
33 provide a report of the transferred amounts to the joint standing committee of the
34 Legislature having jurisdiction over appropriations and financial affairs no later than
35 April 30, 2016 for fiscal year 2015-16 and no later than April 30, 2017 for fiscal year
36 2016-17 and shall submit adjustments to baseline budget requests totaling no less than
37 \$27,000,000 per year to reflect the continuation of the identified savings in the 2017-2018
38 biennium.

39 **Sec. B-3. Review and responsibility.** Following receipt of the reports from the
40 fiscal office as required under section 1 of this Part, the joint standing committee of the
41 Legislature having jurisdiction over health and human services matters shall review the
42 information provided in the reports and shall determine if the net cost to the General Fund
43 of providing coverage under the MaineCare program to individuals pursuant to the Maine
44 Revised Statutes, Title 22, section 3174-G, subsection 1, paragraph H exceeds the savings
45 to the General Fund, including any amount deposited in the MaineCare Stabilization

RC 03/14

COMMITTEE AMENDMENT "A" to H.P. 588, L.D. 854

1 Fund pursuant to section 2 of this Part, due to the expansion of coverage for those
2 individuals.

3 **Sec. B-4. Appropriations and allocations.** The following appropriations and
4 allocations are made.

5 **ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**
6 **Executive Branch Departments and Independent Agencies - Statewide 0017**

7 Initiative: Deappropriates funds on a statewide basis for initial savings to be identified
8 under this Part in existing State programs that result from the expansion of MaineCare
9 eligibility.

10	GENERAL FUND	2015-16	2016-17
11	Unallocated	(\$13,000,000)	(\$27,000,000)
12			
13	GENERAL FUND TOTAL	<u>(\$13,000,000)</u>	<u>(\$27,000,000)</u>

14 **PART C**

15 **Sec. C-1. Appropriations and allocations.** The following appropriations and
16 allocations are made.

17 **HEALTH AND HUMAN SERVICES, DEPARTMENT OF (FORMERLY DHS)**
18 **Medical Care - Payments to Providers 0147**

19 Initiative: Deappropriates and deallocates funds for an adjustment in the MaineCare
20 baseline.

21	GENERAL FUND	2015-16	2016-17
22	All Other	(\$6,936,665)	(\$6,936,665)
23			
24	GENERAL FUND TOTAL	<u>(\$6,936,665)</u>	<u>(\$6,936,665)</u>

25 **Medical Care - Payments to Providers 0147**

26 Initiative: Provides funding for additional medical claims due to expanding medical
27 coverage under the MaineCare program to adults who qualify under federal law with
28 incomes up to 133% of the nonfarm income official poverty line, with the 5% federal
29 income adjustment for family size.

30	GENERAL FUND	2015-16	2016-17
31	All Other	\$12,001,246	\$34,478,786
32			
33	GENERAL FUND TOTAL	<u>\$12,001,246</u>	<u>\$34,478,786</u>

1	FEDERAL EXPENDITURES FUND	2015-16	2016-17
2	All Other	\$205,254,579	\$420,496,553
3			
4	FEDERAL EXPENDITURES FUND TOTAL	<u>\$205,254,579</u>	<u>\$420,496,553</u>

5 **Office of Family Independence - District 0453**

6 Initiative: Provides Personal Services and All Other funding for 79 Eligibility Specialist
7 positions, 8 Family Independence Unit Supervisor positions and 16 Office Assistant II
8 positions.

9	GENERAL FUND	2015-16	2016-17
10	POSITIONS - LEGISLATIVE COUNT	79.000	79.000
11	Personal Services	\$1,786,743	\$2,382,324
12	All Other	\$147,214	\$196,285
13			
14	GENERAL FUND TOTAL	<u>\$1,933,957</u>	<u>\$2,578,609</u>

15	OTHER SPECIAL REVENUE FUNDS	2015-16	2016-17
16	POSITIONS - LEGISLATIVE COUNT	24.000	24.000
17	Personal Services	\$4,023,188	\$5,364,250
18	All Other	\$540,422	\$720,560
19			
20	OTHER SPECIAL REVENUE FUNDS TOTAL	<u>\$4,563,610</u>	<u>\$6,084,810</u>

21	HEALTH AND HUMAN SERVICES,		
22	DEPARTMENT OF (FORMERLY DHS)		
23	DEPARTMENT TOTALS	2015-16	2016-17
24			
25	GENERAL FUND	\$6,998,538	\$30,120,730
26	FEDERAL EXPENDITURES FUND	\$205,254,579	\$420,496,553
27	OTHER SPECIAL REVENUE FUNDS	\$4,563,610	\$6,084,810
28			
29	DEPARTMENT TOTAL - ALL FUNDS	<u>\$216,816,727</u>	<u>\$456,702,093</u>
30			

31 Amend the bill by relettering or renumbering any nonconsecutive Part letter or
32 section number to read consecutively.

33 **SUMMARY**

34 This amendment replaces the substantive provisions of the bill, designating as Part A
35 the provision of the bill that expands medical coverage under the Medicaid program to
36 adults under 65 years of age who qualify under federal law with incomes up to 133% of

1 the nonfarm income official poverty line, with the 5% federal income adjustment for
2 family size, and qualifies the State to receive enhanced federal funding for the cost of
3 coverage of newly eligible members. It further provides for an annual expenditure cap
4 for services, requiring quarterly expenditure reporting and a mechanism for terminating
5 coverage if it is determined that expenditures will not remain within the cap. It also
6 terminates coverage if the enhanced federal share drops below the amount specified in the
7 federal Patient Protection and Affordable Care Act, 42 United States Code, Section
8 18001, et seq., as enacted in 2010.

9 Part B requires the Office of Fiscal and Program Review to study the impact of the
10 MaineCare expansion on programs and services that do not currently receive federal
11 medical assistance percentage matching funds or do not qualify for enhanced federal
12 medical assistance percentage matching funds under the federal Patient Protection and
13 Affordable Care Act with the goal of identifying and maximizing General Fund savings.
14 The fiscal office shall report twice, no later than February 15, 2016 and February 15,
15 2017, respectively, to the joint standing committee of the Legislature having jurisdiction
16 over appropriations and financial affairs, the joint standing committee of the Legislature
17 having jurisdiction over health and human services matters and the joint standing
18 committee of the Legislature having jurisdiction over criminal justice and public safety
19 matters on the amount of General Fund savings resulting from the MaineCare expansion.
20 It requires the State Budget Officer to calculate the amount of savings that applies against
21 each General Fund account for all departments and agencies from savings associated with
22 the MaineCare expansion and to transfer the amounts by financial order upon the
23 approval of the Governor. Any remaining savings must be transferred to the MaineCare
24 Stabilization Fund. It adds an appropriations and allocations section.

25 **FISCAL NOTE REQUIRED**

26 (See attached)



127th MAINE LEGISLATURE

LD 854

LR 44(02)

An Act To Increase Access to Health Security by Expanding Federally Funded Health Care for Maine People

Fiscal Note for Bill as Amended by Committee Amendment 'A' (CH-470)
Committee: Health and Human Services

Fiscal Note Required: Yes

Fiscal Note

	FY 2015-16	FY 2016-17	Projections FY 2017-18	Projections FY 2018-19
Net Cost (Savings)				
General Fund	(\$6,001,462)	\$3,120,730	\$16,538,046	\$22,933,736
Appropriations/Allocations				
General Fund	(\$6,001,462)	\$3,120,730	\$16,538,046	\$22,933,736
Federal Expenditures Fund	\$205,254,579	\$420,496,553	\$428,546,225	\$444,669,939
Other Special Revenue Funds	\$4,563,610	\$6,084,810	\$6,084,810	\$6,084,810
Revenue				
Federal Expenditures Fund	\$205,254,579	\$420,496,553	\$428,546,225	\$444,669,939
Other Special Revenue Funds	\$4,563,608	\$6,084,810	\$6,084,810	\$6,084,810

Fiscal Detail and Notes

Part A of this bill expands medical coverage under the MaineCare program to adults who qualify under federal law with incomes up to 133% of the nonfarm income official poverty line, with the 5% federal income adjustment for family size, and the Medicaid services provided under this paragraph must be provided within the limits of the state and federal funds appropriated and allocated for the program budget. Part A also requires that, on a quarterly basis, the commissioner shall determine the fiscal status of program expenditures as a result of expansion under this paragraph and report the fiscal status of the program. Finally, Part A allows for the termination of the program under two scenarios: 1) after reporting that expenses for services provided under this subsection are anticipated to exceed the appropriated funds or 2) If the federal share for individuals eligible under this paragraph is reduced below the amounts specified in 42 United States Code, Section 1396d(y)(1).

CACH-470)

Part B of the bill as amended, includes a General Fund deappropriation of \$13,000,000 in fiscal year 2015-16 and \$27,000,000 in fiscal year 2016-17 in the Executive Branch Departments and Independent Agencies -Statewide program in the Department of Administrative and Financial Services for savings to be identified in existing programs as a result of the expansion of MaineCare eligibility. Part B of the amended bill also requires the Office of Fiscal and Program to do an evaluation of current state programs to identify savings that would result from the MaineCare expansion, identifies programs and populations that may realize savings and deappropriates funds statewide. The specific programs and amount of savings that will be realized and distributed to each program cannot be determined at this time. As a benchmark, a review was done of a report on potential savings created by an outside consulting group, familiar with Medicaid expansions. The review noted that, though the overall saving expected were high, it lead to a reasonable expectation of greater than \$20,000,000 million in savings annually, with the full implementation of the expansion, as identified in this bill.

The bill as amended includes General Fund appropriations of \$1,933,957 in fiscal year 2015-16 and \$2,578,609 in fiscal year 2016-2017 for the Office of Family Independence - District program in the Department of Health and Human Services for the State share of the costs of 103 new positions to administer the MaineCare eligibility expansion. Funding for the new positions reflects a 75% federal match for the 79 Eligibility Specialist positions and a 50% federal match for the other new positions. The funding for the Eligibility Specialist positions assumes a 700 person caseload for each new position. This is the target caseload the Department of Health and Human Services has identified for the Eligibility Specialist positions.

The bill as amended includes a General Fund appropriation of \$9,380,367 in fiscal year 2016-17 to the Department of Health and Human Services for medical costs for newly eligible childless adult population, as shown below. Federal Expenditures Fund allocations totaling \$178,843,392 in fiscal year 2015-16 and \$365,834,327 in fiscal year 2016-17 as shown below. The estimated appropriations and allocations assume 100 percent enhanced federal matching funds through December 31, 2016, 95% enhanced federal matching funds through December 31, 2017, 94% enhanced federal matching funds through December 31, 2018 and 93% enhanced federal matching funds through December 31, 2019, for childless adult population with incomes less than 138% of the federal poverty line.

	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
Childless Adults @ or below 138% of FPL				
Estimated Population	58,240			
Est. Annual Cost Per Person	\$6,142	\$178,843,392	\$375,214,694	\$393,602,227
Assumed Federal Match		100.0%	97.5%	94.5%
Federal Share of Costs	\$ 178,843,392	\$ 365,834,327	\$ 371,954,105	\$ 386,053,380
State Share of Costs		\$0	\$9,380,367	\$21,648,122
			\$26,837,935	

The bill as amended also includes General Fund appropriations of \$11,184,976 in fiscal year 2015-16 and \$23,465,879 in fiscal year 2016-17 to the Department of Health and Human Services for medical costs for the parent's population from 101% to 138% of the federal poverty level, as shown below. The below assumes 15,455 parents who lost coverage and an additional 4,500 parents who have not had MaineCare in the past, but will opt for MaineCare coverage after expansion. Since this group was eligible under previous rules, they will not be considered newly eligible and the state will receive the Regular FMAP. The bill as amended also includes Federal Expenditures Fund allocations for the parents identified below totaling \$18,777,456 in fiscal year 2015-16 and \$39,394,766 in fiscal year 2016-17, as shown below, for the regular FMAP matching funds.

	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
Parents (Between 101 and 133% of the Federal Poverty Line)				
Estimated Population	19,955			
Est. Annual Cost Per Person	\$3,003	\$29,962,433	\$62,860,645	\$65,940,100
Assumed Federal Match		62.67%	62.67%	62.67%
Federal Share of Costs	\$18,777,456	\$39,394,766	\$41,324,661	\$43,349,100
State Share of Costs	\$11,184,976	\$23,465,879	\$24,615,439	\$25,821,316

CA(H-470)

The bill as amended also includes General Fund appropriations of \$816,270 in fiscal year 2015-16 and \$1,632,540 in fiscal year 2016-17 to the Department of Health and Human Services for medical costs for the children who have not had MaineCare in the past, but whose family will opt for MaineCare coverage after expansion. Since these children were eligible under previous rules, they will not be considered newly eligible and the state will receive the enhanced CHIP FMAP. The bill as amended also includes Federal Expenditures Fund allocations for the children identified below totaling \$7,633,730 in fiscal year 2015-16 and \$15,267,460 in fiscal year 2016-17, as shown below, for the enhanced CHIP FMAP matching funds.

		FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
Crowd-out Children (Between 101 and 133% of the Federal Poverty Line)					
Estimated Population	4,800				
Est. Annual Cost Per Person	\$3,521	\$8,450,000	\$16,900,000	\$16,900,000	\$16,900,000
Assumed Federal Match		90.34%	90.34%	90.34%	90.34%
Federal Share of Costs		\$7,633,730	\$15,267,460	\$15,267,460	\$15,267,460
State Share of Costs		\$816,270	\$1,632,540	\$1,632,540	\$1,632,540

The bill as amended also includes deappropriations for the remaining funding in the baseline for the MaineCare costs of coverage for the parents population from 101% to 138% of the federal poverty line. This group was covered through December 31, 2013, with the possibility of transitional coverage extending through December 31, 2014. The department identified a General Fund total in the baseline for spending on this population, as of May 2014, of \$16,936,665. Of this baseline, \$10,000,000 was deappropriated in PL 2013, c. 595 to fund Section 21 and 29 waitlist members and to increase nursing facility reimbursement rates. Since, there were no subsequent MaineCare appropriations or deappropriations affecting this population during the 126th Legislature, continued funding for this population was included in the 2016-2017 MaineCare biennial budget baseline. This bill deappropriates the remaining \$6,936,665 that still remains in the baseline.

Additional costs for the Legislature's Office of Fiscal and Program Review will be absorbed within existing budgeted resources.