

**Department of Legislative Services**  
 Maryland General Assembly  
 2008 Session

**FISCAL AND POLICY NOTE**

House Bill 460 (Delegate Nathan-Pulliam, *et al.*)  
 Health and Government Operations

**Maryland Cancer Treatment Program**

This bill establishes the Maryland Cancer Treatment Program in the Department of Health and Mental Hygiene to provide health insurance coverage to qualifying individuals for the first year of cancer treatment.

**Fiscal Summary**

**State Effect:** General fund expenditures could increase by \$37.3 million in FY 2009. No effect on revenues. Future year expenditures reflect annualization and inflation.

(\$ in millions)	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	37.3	52.7	55.8	59.2	62.8
Net Effect	(\$37.3)	(\$52.7)	(\$55.8)	(\$59.2)	(\$62.8)

*Note () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect*

**Local Effect:** None.

**Small Business Effect:** Minimal to none.

**Analysis**

**Bill Summary:** To be eligible for the program, an individual must • reside in Maryland at the time of cancer diagnosis; • provide documentation from the applicant’s licensed physician of the need for cancer treatment; • have no comprehensive health insurance; and • have a household income less than 300% of federal poverty guidelines.

The program will use Medicaid program resources for provider enrollment, billing, and payment services as well as individual eligibility, enrollment, and tracking services. The program must reimburse providers at the rates established for Medicaid.

**Current Law/Background:** DHMH's Family Health Administration administers a Breast and Cervical Cancer Screening Program and a Diagnosis and Treatment Program for uninsured and underinsured women with incomes up to 250% FPG. This program provides diagnostic services and funds the duration of cancer treatment. The Cigarette Restitution Fund Program includes a Cancer Prevention, Education, Screening, and Treatment Program.

The Maryland Health Insurance Program provides health care coverage for individuals who have certain qualifying conditions or do not have access to health insurance. Members are required to pay a premium based on age, subscriber type, and type of benefit plan. Individuals with incomes below 300% FPG may receive discounted premiums through MHIP+. An individual who has been diagnosed with or treated for cancer, except skin cancer, within the last five years qualifies for coverage under MHIP. In 2006, 99 of 4,144 MHIP applicants (2.4%) provided documentation that they were being treated for or had been diagnosed with cancer. It is not known how many applicants were newly diagnosed.

The bill is modeled after the Delaware Cancer Treatment Program, established in 2004 to provide one year of cancer treatment to uninsured individuals with incomes up to 650% FPG. Approximately 4,000 Delawareans are diagnosed with cancer each year, and the budget for the program is \$5.0 million annually.

The National Cancer Institute reports that cancer treatment accounted for an estimated \$72.1 billion nationally in 2004. **Exhibit 1** provides the average Medicare payment per individual in the first year following cancer diagnosis for the 15 most common cancers (in 2004 dollars). Figures include copayments and deductibles paid by Medicare enrollees. The average cost for non-Medicare enrollees may be less due to lower age and disability. Payments do not include oral medications commonly used to treat cancers of the breast and prostate, which may increase cost by as much as 10%.

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**Exhibit 1**  
**Average Medicare Payments Per Individual**  
**in the First Year Following Diagnosis, 2004 Dollars**

<u>Cancer</u>	<u>Average Payment</u>
Lung	\$24,700
Breast	11,000
Colorectal	24,200
Prostate	11,000
Lymphoma	21,500
Head/Neck	18,000
Bladder	12,300
Leukemia	18,000
Ovary	36,800
Kidney	25,300
Endometrial	16,200
Cervix	20,100
Pancreas	26,600
Melanoma	4,800
Esophagus	30,500
All Other	<u>20,400</u>
<b>Average</b>	<b>\$19,780</b>

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According to the Maryland Cancer Registry, approximately 24,000 Marylanders are diagnosed with cancer each year. Cancer is the second leading cause of death both nationally and in Maryland. The Maryland Health Care Commission reports that 780,000 individuals (14% of Marylanders) were uninsured in 2004-2005. Of these uninsured, 510,000 (65%) had annual family income under 300% FPG. It is not known how many individuals lacked “comprehensive” health insurance coverage. Medicaid currently pays approximately 78% of Medicare charges for oncology services.

**State Fiscal Effect:** General fund expenditures could increase by an estimated \$37.3 million in fiscal 2009, which accounts for the bill’s October 1, 2008 effective date. This estimate primarily reflects treatment costs as well as the cost of nine full-time positions to perform computer programming, eligibility determination, provider relations, data entry, and administrative duties to support the program. The information and assumptions used in calculating this estimate are stated below:

- 24,000 Marylanders are diagnosed with cancer each year;
- 10.4% of Marylanders are uninsured with annual family incomes under 300% FPG;
- 2,496 individuals diagnosed with cancer are estimated to be eligible for and enroll in the program in fiscal 2009;
- the average cost of treating cancer for the first year following diagnosis will be \$19,691 in fiscal 2009 (78% of Medicare charges from 2004 increased by 5.0% per year to account for inflation); and
- DHMH would incur additional personnel expenses because existing resources are inadequate to handle an additional 2,496 cases annually.

Positions	9
Salaries and fringe benefits	\$382,442
Other operating expenses	<u>54,628</u>
<b>Total</b>	<b>\$437,070</b>

Future year expenditures reflect • full salaries with 4.4% annual increases and 3% employee turnover; • 2% annual increases in ongoing operating expenses; • 1% annual increases in program enrollment; and • 5.0% annual increases in the cost of treatment.

**Additional Comments:** Some potential MHIP+ applicants and current MHIP+ enrollees would be eligible for and enroll in the Maryland Cancer Treatment Program. Once their eligibility for the program was exhausted, these individuals could enroll in MHIP+. To the extent these individuals enroll in the program rather than MHIP+, MHIP could save \$3,700 to \$8,660 per enrollee per year.

**Exhibit 2** provides the 2008 FPG relative to this bill.

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**Exhibit 2**  
**2008 Federal Poverty Guidelines**

<u>Family Size</u>	<u>300% FPG</u>
1	\$31,200
2	\$42,000
3	\$52,800
4	\$63,600

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## Additional Information

**Prior Introductions:** This bill is similar to HB 313 of 2007 which received no action by the House Health and Government Operations Committee. HB 313 would have provided eligibility to individuals with incomes up to 650% FPG.

**Cross File:** None.

**Information Source(s):** *Cancer Trends Progress Report – 2005 Update*, National Cancer Institute; Department of Health and Mental Hygiene; Maryland Insurance Administration; Department of Legislative Services

**Fiscal Note History:** First Reader - February 22, 2008  
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