

Department of Legislative Services
 Maryland General Assembly
 2012 Session

FISCAL AND POLICY NOTE

House Bill 103 (Delegate Pena-Melnyk, *et al.*)
 Health and Government Operations

Maryland Medical Assistance Program - Independent Foster Care Adolescents -
 Age of Eligibility

This bill expands Medicaid eligibility for independent foster care adolescents with household incomes up to 300% of federal poverty guidelines (FPG) from age 20 and younger to age 25 and younger.

The bill terminates if the U.S. Supreme Court rules that the federal Patient Protection and Affordable Care Act (ACA), or any provision of the Act that expands Medicaid coverage to independent foster care adolescents, is unconstitutional.

Fiscal Summary

State Effect: Medicaid expenditures (50% federal funds, 50% general funds) increase by \$6.8 million in FY 2013 and \$4.8 million for the first half of FY 2014 to extend Medicaid coverage to qualified independent foster care adolescents. Expenditures continue through and beyond FY 2014; however, as such coverage is required under federal law beginning January 1, 2014, the expenditures will be incurred with or without the bill. Federal fund revenues increase commensurate with federal fund expenditures.

(\$ in millions)	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
FF Revenue	\$3.4	\$2.4	\$0	\$0	\$0
GF Expenditure	\$3.4	\$2.4	\$0	\$0	\$0
FF Expenditure	\$3.4	\$2.4	\$0	\$0	\$0
Net Effect	(\$3.4)	(\$2.4)	\$0	\$0	\$0

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

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Independent foster care adolescents are individuals younger than age 21 who, on their eighteenth birthday, were in State foster care. Per Chapter 681 of 2009, independent foster care adolescents with annual household incomes up to 300% FPG qualify for Medicaid.

Effective January 1, 2014, ACA *requires* states to extend eligibility for Medicaid (including Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) program benefits) to children who have aged out of the foster care system up to age 26. Until 2014, states have the *option* to extend such coverage.

Background: Children and youth in foster care who are eligible for Medicaid under federal Title IV-E are automatically eligible for Medicaid coverage until they exit the system, typically around age 18. At least 29 states (including Maryland) have extended categorical Medicaid coverage for foster youth up to age 21.

Youth who age out of the foster care system are more likely than their nonfoster care peers to be involved with the criminal justice system, have low educational attainment, become pregnant, experience homelessness, and lack health insurance. Foster youth are more likely than their peers to experience physical and mental health problems. Nationally, only 57% of former foster care youth at age 23 or 24 have health insurance compared with 78% of their peers in the general population.

Maryland's Primary Adult Care (PAC) program covers primary care, outpatient mental health, pharmacy services, certain substance abuse services, and emergency room visits for adults age 19 and older who earn less than 116% FPG.

State Fiscal Effect: Medicaid expenditures (50% federal funds, 50% general funds) increase by \$6.8 million in fiscal 2013, which reflects the bill's October 1, 2012 effective date. The federal fund share of the costs will be offset by an equivalent increase in federal fund revenues. This estimate reflects the cost of providing full Medicaid coverage (not including EPSDT benefits) to independent foster care adolescents from age 21 up to age 26. The estimate is based on the following assumptions:

- approximately 3,960 individuals have aged out of the foster care system between the ages of 21 and 26;
- 40% of these individuals (1,584) are already eligible for Medicaid under Temporary Assistance to Needy Families (TANF), pregnancy, or disability coverage groups (and may already be receiving benefits);

- 60% of these individuals (2,376) are already eligible for partial Medicaid benefits under the PAC program; and
- to comply with the bill, the Department of Health and Mental Hygiene will provide full Medicaid benefits to those individuals who currently qualify for PAC at an additional cost of \$3,807 per individual in fiscal 2013.

In fiscal 2014, Medicaid expenditures (50% federal funds, 50% general funds) increase by \$4.8 million. This estimate reflects 5.4% inflation and 1% enrollment growth for the first half of fiscal 2014, as *ACA requires* states to extend Medicaid coverage (including EPSDT benefits) to children who have aged out of the foster care system up to age 26 beginning January 1, 2014. Under the federal mandate, Medicaid expenditures associated with coverage of former foster care children will continue through fiscal 2014 and in future years and will increase with the required addition of EPSDT services; however, those expenditures are not attributable to this bill.

Additional Information: Among other provisions, ACA includes a number of patient protection provisions that took effect on September 23, 2010, for new policies upon issuance and for existing policies upon renewal, including coverage for children up to age 26 on a parent's policy. Extending Medicaid coverage for youth who have aged out of the foster care system up to age 26 essentially provides parallel coverage for this population.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): *"The Transition to Adulthood: How States Can Support Older Youth in Foster Care,"* National Governor's Association Center for Best Practices, December 2010; Department of Human Resources, Department of Health and Mental Hygiene, Department of Legislative Services

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