



STATE OF MARYLAND

DHMH

Maryland Department of Health and Mental Hygiene

201 W. Preston Street • Baltimore, Maryland 21201

Martin O'Malley, Governor – Anthony G. Brown, Lt. Governor – John M. Colmers, Secretary

JAN 04 2010

The Honorable Peter A. Hammen
Chairman
House Health and Government
Operations Committee
161 Lowe House Office Bldg.
Annapolis, MD 21401-1991

RE: HB 1279 - Maryland Medical Assistance Program - Family Planning Services - Eligibility

Dear Chairman Hammen:

The Department of Health and Mental Hygiene (the Department) is submitting the attached report in response to a request from Delegate Heather Mizeur following the withdrawal of HB 1279 – Maryland Medical Assistance Program – Family Planning Services – Eligibility of the 2009 Session of the Maryland General Assembly. The report provides information on expanding Family Planning Services to women in Maryland.

Maryland's existing Family Planning Program provides services to women who were previously eligible for Medical Assistance due to pregnancy. House Bill 1279 would have expanded eligibility for family planning services in the Maryland Medical Assistance program to all women residing in Maryland with family incomes at or below 250 percent of the federal poverty level. The bill was ultimately withdrawn because of the cost of implementing the expansion. However, the Department agreed to explore alternatives for implementing changes to the existing Family Planning Program. The attached report outlines these options.

If further information on this subject is required, please contact Wynee Hawk, Director of the Office of Governmental Affairs, at (410) 767-6481.

Sincerely,



John M. Colmers
Secretary

Enclosure

cc: The Honorable Heather Mizeur
John Folkemer
Frances Phillips
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House Bill 1279 (2009)
Maryland Medicaid Program – Family Planning – Eligibility

House Bill 1279

During the 2009 legislative session Delegate Heather Mizeur introduced House Bill (HB) 1279. This legislation would have expanded eligibility for family planning services in the Maryland Medicaid program to all women whose family income is at or below 250% of the federal poverty level (FPL). Although HB 1279 was ultimately withdrawn, the Department of Health and Mental Hygiene (the Department) agreed to research and report several systems and eligibility options for expanding family planning services. This report outlines several options for expanding family planning program services.

Background

All women with incomes below 116% of the federal poverty level (FPL) and enrolled in Medicaid or the Primary Adult Care Program may receive family planning services as part of their benefit package. Women with incomes up to 200% FPL may retain family planning coverage for five years following Medicaid eligibility due to pregnancy.¹ Approximately 25,000 women are enrolled in the Department’s Medicaid family planning program. This population must complete an active annual redetermination of benefits to retain coverage. Family planning services include office visits and hospital outpatient department visits for pelvic exams, breast exams, and advice and counseling for family planning methods; pregnancy tests; 12 other laboratory tests; contraceptive drugs; and permanent sterilization.²

The Family and Community Health Administration funds family planning services through the Title X Family Planning Services Program. This program provides free or sliding scale fee-for-service family planning services to women who are ineligible for Medicaid family

¹ Maryland covers pregnant women with incomes up to 250% FPL. Their eligibility period includes two months postpartum care.

² COMAR 10.09.58.05

planning services through local health departments, Planned Parenthood clinics, and other outpatient units. This program is funded with a total of \$11.9 million (\$7.5 million in general funds and \$4.4 million in federal funds) and serves approximately 75,000 Maryland women.

Expanding Eligibility

Maryland, along with 26 other states, has a Section 1115 family planning demonstration waiver that enables the State to provide federally subsidized family planning services to low-income populations not otherwise eligible for Medicaid. States can implement these waivers to expand coverage in a variety of ways including: expanding the income level for family planning services; extending coverage to new mothers who lose coverage; and covering all women who lose Medicaid coverage. Some states offer coverage that is a hybrid of eligibility criteria (meaning that individuals can become eligible via either one of two criteria, e.g. through income or through the loss of Medicaid coverage).³

The Department investigated and estimated costs for two options, including expansion of family planning coverage to Medicaid women age 19 to 50 who lose Medicaid coverage for any reason (not only after pregnancy), and expansion of coverage to all women age 19 to 50 within certain FPL limits. For both options, the Department included estimates using two different income thresholds -- 200% FPL and 250% FPL. Until 2008, all Medicaid women losing eligibility after a pregnancy were eligible for family planning services up to 250% FPL, but the Centers for Medicare and Medicaid Services (CMS) required Maryland to reduce the income limit to 200% FPL. Currently, no other state has expanded family planning above 200% FPL. It is unclear whether a family planning waiver application for 250% FPL would be approved by CMS; therefore estimates were calculated for both income thresholds. All estimates assume a 50% federal match for systems changes and personnel costs, and an 80% federal match for service costs. While state funding devoted to family planning services are reimbursed at a 90% federal match, the Maryland Medicaid program covers additional family planning services that

³ Guttmacher Institute. (2009, May 1). *State Medicaid family planning eligibility expansions*. http://www.guttmacher.org/statecenter/spibs/spib_SMFPE.pdf

are only reimbursed at a 50% federal match; the average federal matching rate, therefore, is estimated at 80%. Total service costs are estimated at \$307 annually per enrollee.⁴

Option 1: Expanding Family Planning Services to Women Previously Enrolled in Any Medicaid Coverage Group (Up to 200% FPL or 250% FPL)

Option 1 would automatically enroll women losing Medicaid coverage into the family planning program for one year, so long as their income does not exceed the income limit of 200% FPL or 250% FPL. The total number of women up to 250% FPL losing eligibility in any coverage group annually is approximately 29,232, and the total number of women up to 200% FPL is approximately 28,591. Based on historic utilization in the Medicaid family planning program, the Department estimates about one-third of these women will use the family planning services currently available, as reflected in the number of enrollees column in Table 1. The cost of systems changes would be minimal in this option because these women will be moved into the existing family planning coverage group. Approximately six months would be required to make these systems changes. The Department expects that four new eligibility staff will be required to process additional annual redeterminations.

Table 1.

Expanding Family Planning Services to Women Previously Enrolled in Any Medicaid Program						
	Number of Enrollees	Systems Cost	Services Cost*	Eligibility Staff Cost	GF Expenditure	TF Expenditure
A. Up to 200% FPL	9,521	\$40,355	\$2,922,947	\$247,428	\$728,481	\$3,210,730
B. Up to 250% FPL	9,734	\$13,836	\$2,988,338	\$247,428	\$728,300	\$3,249,602

* Service costs are estimated at \$307 per person.

⁴ The Department’s original per member per month (PMPM) estimate during the 2009 legislative session was \$244. The \$244 estimate only included services receiving a 90% federal match and not the additional services receiving a 50% federal match that are provided in Maryland as part of the family planning program. \$307 also includes inflation and a 2% anticipated increase in utilization.

Option 2: Expanding Family Planning Services for All Eligible Maryland Women (up to 200% FPL or 250% FPL)

Option 2 expands eligibility to all eligible women with incomes to 200% FPL or 250% FPL. This option is identical to HB 1279, but the estimated costs are slightly lower than anticipated in the 2009 fiscal note because the Department has identified an alternative, less expensive system change. The systems changes will be less than \$50,000, rather than the \$2.5 million originally anticipated. These decreased system costs, however, are offset somewhat due to higher enrollment and cost estimates.⁵

Based on the number of uninsured women, it is expected that approximately 33,191 women would enroll and use services if expanded up to 200% FPL and 40,467 if expanded up to 250% FPL (Table 2). The systems costs are approximately \$4,600 more than in Option 1 because the family planning coverage group will need to be reprogrammed to accept new enrollees. Furthermore, because this expansion would be open to individuals never previously enrolled in Medicaid, funds would be required for additional eligibility workers to process both redeterminations and new applications. The Department has estimated ten new eligibility workers would need to be hired in the centralized family planning unit. If the determination process became decentralized and applications were to be accepted by local health departments, the number of additional eligibility workers would be much greater. Twelve months are required to hire new staff and make the system changes.

Table 2.

Expanding Family Planning Services for All Eligible Maryland Women						
	Number of Enrollees	Systems Cost**	Services Cost*	Eligibility Staff Cost	GF Expenditure	TF Expenditure
A. Up to 200% FPL	33,191	\$44,967	\$10,189,637	\$658,573	\$2,389,697	\$10,893,177
B. Up to 250% FPL	40,467	\$18,448	\$12,423,369	\$658,573	\$2,823,184	\$13,100,390

* Service costs are estimated at \$307 per person.

** Systems costs would increase by approximately \$50,000 if a decentralized eligibility process were used.

⁵ The expected number of women with incomes up to 250% FPL to enroll is higher than used during the 2009 legislative session -- 34,250 compared to 40,467. The age group targeted during the 2009 session included women aged 19 to 44. These new estimates target women between the ages of 19 and 50.

Supra, fn. 4. (Explanation of service cost). 4 additional eligibility workers are included in the new estimates.

Public Health Monies

The local health departments are eligible to receive Title X federal monies to support family planning programs. Federal rules require at least a ten percent state contribution, similar to the Medicaid federal matching rate. Unlike Medicaid, however, the Title X federal monies are limited, meaning the amount does not vary if the numbers served increase. This means that – on a comparative basis – public health programs likely will contribute more state or local monies than the federal government contributes in Title X monies. The Title X federal monies are critical funds, however, because they enable public health programs to serve individuals and reimburse the fixed costs associated with family planning services.

Some suggest that enrolling women in Medicaid who are funded entirely through state or local monies would permit states to benefit from the Medicaid federal match. The federal matching dollars, they argue, would provide additional dollars and enable such states to provide more services. But states may be precluded from moving all state-funded women under Medicaid. For instance, with the exception of emergency care services, federal rules prohibit Medicaid from covering undocumented individuals. Plus there are policy reasons for not moving all state-funded women under Medicaid. For instance, there is a concern that doing so creates a barrier for teenagers seeking family planning services. Maryland wants to ensure that teenagers are able to access care without notifying their parent, and moving this population under Medicaid could hamper the goal of providing them critical family planning services at a time when they may need them most.

Cutting public health funding to support a Medicaid expansion at this time risks overburdening further a system laboring under severe budget constraints. Local health departments throughout Maryland have experienced a 42 percent cut in their funding from the State over the last two years. This means that local government contributions are playing a larger role. Additional State funding cuts may directly reduce the monies required to cover the basic infrastructure costs to run a family program. The concern is that this would cause local health departments to discontinue providing such services directly themselves. There also is no guarantee that any monies cut from local government contributions will be replaced by Medicaid funds.

State Savings From Family Planning Programs

A family planning program reduces unintended pregnancies. Estimating the savings associated with averted births, however, is difficult. There are some data points to consider, however. For instance, the Guttmacher Institute estimates the potential savings achieved by offering family planning services. Focusing on child-bearing aged women with incomes below 200% FPL (approximately 63,500) the estimated net Medicaid savings is \$35.8 million (in 2005 dollars).⁶ A large percent of the savings is from averted births, roughly 4,400. At the same time, the methodology used by CMS to calculate the averted births of Maryland's current Medicaid family planning program measures only 38 averted births in 2009. Approximately 25,000 women are enrolled in the Department's Medicaid family planning program. Although the Department disagrees strongly with CMS' methodology, the methodology shows how difficult and varied savings estimates can be. Any actual savings, however, is subject to a year or longer lag time, so it would not be realized in the initial year of the program.

Conclusion

The Department reviewed two options for expanding family planning services: (1) a low cost option of \$700,000 (GF); and (2) a higher cost option of \$2.4 million (GF). The Department agrees that family planning services result in savings for the State after the first year. And the Department wants to avoid forcing women to make the difficult decision of foregoing family planning services. But the amount of savings is unclear, the State budget is being reduced in the face of a tough economic climate, and implementing the program requires devoting scarce resources. Savings, if any, will be long-term and certainly not seen immediately. Although developing and operating the program remains a priority for the Department, even the low-cost option may be difficult to implement at this time.

⁶ Guttmacher Institute. (2006, August). *Estimating the Impact of Expanding Medicaid Eligibility for Family Planning Services*. Table A15. <http://www.guttmacher.org/pubs/2006/08/16/or28.pdf>