

Department of Legislative Services
 Maryland General Assembly
 2019 Session

FISCAL AND POLICY NOTE
 First Reader

Senate Bill 406
 Finance

(Senator Ferguson, *et al.*)

Prenatal and Infant Care Coordination - Grant Funding and Task Force

This bill increases, from \$50,000 to \$5.0 million, the amount of funding the Governor must provide for the Maryland Prenatal and Infant Care Coordination Services Grant Program Fund beginning in fiscal 2021. The bill also establishes the Task Force on Maryland Maternal and Child Health, to be jointly staffed by the Maryland Department of Health (MDH), the Department of Human Services, and the Health Services Cost Review Commission (HSCRC). **The bill’s task force provisions take effect July 1, 2019, and terminate June 30, 2020.**

Fiscal Summary

State Effect: Special fund revenues increase by \$4.95 million beginning in FY 2021 from increased appropriations to the fund. General fund expenditures increase by \$64,300 in FY 2020 to prepare for administration of the expanded program and by \$5.16 million in FY 2021 for increased capitalization of the fund and ongoing staffing costs for the grant program. Special fund expenditures increase by \$27,400 in FY 2020 only to staff the task force, and by as much as \$4.95 million in future years to provide additional grants from the fund. **This bill increases a mandated appropriation beginning in FY 2021.**

(\$ in millions)	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
SF Revenue	\$0	\$4.95	\$4.95	\$4.95	\$4.95
GF Expenditure	\$0.06	\$5.16	\$5.15	\$5.16	\$5.17
SF Expenditure	\$0.03	\$4.95	\$4.95	\$4.95	\$4.95
Net Effect	(\$0.09)	(\$5.16)	(\$5.15)	(\$5.16)	(\$5.17)

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

Local Effect: Local revenues and expenditures increase from additional grant funding being available beginning in FY 2021. Potential decrease in local expenditures to the extent the program results in health care savings.

Small Business Effect: Minimal.

Analysis

Bill Summary: The task force must study and make recommendations on (1) how the policies of HSCRC can be used to incentivize early intervention and prevention of key adverse health outcomes; and (2) how payment mechanisms can support community- and school-based model of care, use global budgets to improve child care, assist in collaborations with public health care, and use specified Medicaid data to monitor improvements. By November 1, 2019, the task force must report its findings and recommendations to the General Assembly.

A member of the task force is not entitled to compensation but may receive reimbursement for expenses under standard State travel regulations, as provided in the State budget.

Current Law/Background: Chapters 558 and 559 of 2018 established the Maryland Prenatal and Infant Care Coordination Services Grant Program Fund to provide grants to counties and municipalities for care coordination services to low-income pregnant and postpartum women and to children from birth to age three. The Secretary of Health must award grants from the fund and, in coordination with members of the Children's Cabinet, establish procedures to distribute money to local jurisdictions according to specified priorities. The Governor must appropriate \$50,000 annually for the fund beginning in fiscal 2020. This funding is included in the Governor's proposed fiscal 2020 budget for MDH's Prevention and Health Promotion Administration (PHPA).

A local jurisdiction's application for grant funding must include, at a minimum, (1) evidence that the care coordination services will be collaborative and involve appropriate public service agencies and community-based providers and (2) a plan to establish a database to collect data from the program to ensure that services are provided to families with the highest need. Local jurisdictions that are awarded grant funding must submit annual reports that include data describing the services provided, the number of and outcomes for individuals receiving services, and an assessment of the scalability of the funded activities.

The fund is a special, nonlapsing fund, administered by the Secretary of Health to be used only to provide grants under the program in accordance with the State budget. The fund consists of money appropriated in the budget, investment earnings, and money accepted from any other source for the benefit of the fund. Grants from the fund are supplemental to and not intended to supplant funding that would otherwise be appropriated for care coordination services. The fund is subject to audit by the Office of Legislative Audits.

State Fiscal Effect:

Increased Mandated Appropriations to the Fund

General fund expenditures increase by \$4.95 million annually beginning in fiscal 2021 to reflect the increase in the mandated appropriation to the fund.

Correspondingly, special fund revenues increase by \$4.95 million annually to reflect additional general funds received, and special fund expenditures increase by up to \$4.95 million annually to reflect additional grants awarded.

Administration of the Fund

The fund was established in October 2018, with initial funding of \$50,000 (as required) included in the Governor’s proposed fiscal 2020 budget. MDH did not receive additional staff to support the grant program. PHPA advises that the current level of funding can be handled with existing staff; however, expansion of the grant program from \$50,000 to \$5.0 million per year under the bill cannot be handled with existing staff.

Thus, general fund expenditures increase by \$64,273 in fiscal 2020, which accounts for the October 1, 2019 effective date of the bill’s grant funding provision. This estimate reflects the cost of hiring one health policy analyst to plan and develop the expanded program. On July 1, 2020, concurrent with the increased funding level for the grant program, one additional health policy analyst is needed to help administer the fund and provide technical assistance, training, and support to grantees. In addition, at that time, one part-time (50%) agency grant specialist is needed to provide budget support. The estimate includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses. This estimate assumes robust participation by local jurisdictions and that general funds are used since the special fund is not authorized to be used for administrative expenses.

	<u>FY 2020</u>	<u>FY 2021</u>
New Permanent Positions	1.0	1.5
Salaries and Fringe Benefits	\$55,364	\$186,032
One-time Start-up Expenses	4,890	9,780
Ongoing Operating Expenses	<u>4,019</u>	<u>12,413</u>
Total General Fund Grant Administration Expenditures	\$64,273	\$208,225

Future year expenditures reflect full salaries with annual increases and employee turnover and ongoing operating expenses.

Task Force on Maryland Maternal and Child Health

Although three entities are assigned to jointly staff the task force, due to the short timeframe provided to convene the task force and complete the required report (due within four months – on November 1, 2019), HSCRC advises that contractual assistance will be required. Existing HSCRC staff are currently focused on implementation of the new Total Cost of Care Model.

Thus, HSCRC special fund expenditures increase by \$27,403 in fiscal 2020 only, which reflects the July 1, 2019 effective date of the bill’s task force provisions. This estimate reflects the cost to hire one short-term contractual position to staff the task force and prepare the required report. It includes a salary, fringe benefits, and one-time start-up costs.

Contractual Position	1.0
Salary and Fringe Benefits	\$22,301
One-Time Start-up Expenses	<u>5,102</u>
Total FY 2020 Special Fund Task Force Expenditures	\$27,403

This analysis assumes elimination of the contractual position November 1, 2019, following submission of the required report.

This estimate does not include any health insurance costs that could be incurred for specified contractual employees under the State’s implementation of the federal Patient Protection and Affordable Care Act.

Local Fiscal Effect: Local revenues and expenditures increase beginning in fiscal 2021 for any local government that successfully applies for and receives grant funding for a qualifying program; significantly more funding is available for this purpose under the bill. To the extent that local care coordination programs are implemented, local health care costs may decrease from more efficient provision and coordination of care.

Additional Information

Prior Introductions: None.

Cross File: HB 520 (Delegate Lierman, *et al.*) - Health and Government Operations and Appropriations.

Information Source(s): University of Maryland Medical System; Department of Budget and Management; Maryland Department of Health; Department of Human Services; Baltimore City Health Department; Department of Legislative Services

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