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TO: The Honorable John A. Hurson, Chairman
Members of the House Committee on Health & Government Operations
The Honorable Norman H. Conway, Chairman
Members of the House Committee on Appropriations

FROM: Joseph A. Schwartz, III
Pamela Metz Kasemeyer
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DATE: February 25, 2004

RE: **SUPPORT WITH AMENDMENTS** – House Bill 665 – *Maryland Medical Assistance Program – Maryland Children’s Health Program*

The Maryland State Medical Society (MedChi) which represents over 7,200 Maryland physicians and their patients supports House Bill 665 with amendments.

In 2003, the General Assembly, through the budget process, made several significant changes to the Maryland Children’s Health Insurance Program (MCHIP). These changes were made to save costs but have had the unintended consequence of leaving hundreds of Maryland’s most disadvantaged children without health insurance. The cost-saving measures included a “cap” on enrollment for children from families with income between 200% and 300% of poverty and the institution of a premium program for children remaining in the program from families with income in that range.

The cap on enrollment was to be limited to fiscal year 2004, and to the Department’s credit, there is no proposal to extend the cap. The premium program was permanently enacted for children from families with incomes over 200% of poverty but could apply to children from families with incomes between 185% and 200% of poverty for fiscal year 2004 only. House Bill 665 proposes to include the children from families with incomes between 155% - 200% of poverty permanently in the premium program.

MedChi opposed the institution of the premium program during last year’s budget process. It asserted the belief that a premium program would be extraordinarily expensive to administer and would result in children disenrolling from the program. MedChi’s assertions have proven to be true. Since the implementation of the premium program in the Fall of 2003, hundreds of children have disenrolled from the program. While the current premium of \$37 dollars sounds like a small amount of money to pay for coverage under the program, the families affected by this requirement have no extra disposal income and have to make

difficult and painful choices about how best to spend their income. Food, shelter and clothes come before premiums and many families find themselves unable to keep their children enrolled. The end result is hundreds of children without health care coverage.

The Department will assert that its proposal to tier the premiums, as proposed in House Bill 665 will make the premiums more affordable. MedChi believes that no premium is affordable for this population and only serves the purpose of removing children from participation in the program. However, if the premium program is to remain in place, MedChi does not object to the institution of tiered premiums as long as there is no increase to anyone's current premium. However, MedChi strongly asserts that premiums should not be applied to children from families between 185% and 200% of poverty. In addition, MedChi cautions that tiered premiums may be more expensive to administer, thereby further limiting the cost savings achieved.

The MCHIP program provides a 2 for 1 match of federal dollars as opposed to a 1 for 1 match under Medicaid. Forcing children to disenroll from the program because their families cannot afford the premium is not fiscally wise as it removes the very children for which the State receives the greatest federal match. Furthermore, once disenrolled these children still utilize the State's health care resources and their lack of coverage brings with it other societal costs such as poor school performance, poor long-term health outcomes, etc. MedChi would like to see the premium program discontinued in its entirety. However, if it is not to be discontinued, the application of the program to children from families with income between 185% and 200% of poverty is completely unacceptable and will only further escalate the withdrawal of children from the program. MedChi urges that the bill be amended to eliminate the premium program in its entirety or alternatively to prohibit the application of the premium to children from families with incomes under 200% of poverty.

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