HB 1347

Department of Legislative Services

Maryland General Assembly
2016 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1347 (Delegate Kipke, *et al.*)
Health and Government Operations

Maryland Medical Assistance Program - Managed Care Organizations - Disenrollment

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This bill authorizes a Medicaid recipient to disenroll from a Medicaid managed care organization (MCO) to maintain continuity of care with a pharmacy under specified circumstances.

Fiscal Summary

State Effect: Medicaid expenditures (60% federal funds, 40% general funds) may increase due to increased administrative expenses to verify and approve a Medicaid recipient's eligibility to disenroll from an MCO and reenroll the recipient in a new MCO. Federal fund revenues increase correspondingly.

Local Effect: None.

Small Business Effect: Meaningful for small business pharmacies that may maintain Medicaid clients under the bill.

Analysis

Bill Summary: A Medicaid recipient may disenroll from an MCO to maintain continuity of care with a pharmacy if the recipient desires to continue to receive care from the pharmacy, the pharmacy contracts with at least one other MCO, and the enrollee notifies the Department of Health and Mental Hygiene (DHMH) of the enrollee's intention to disenroll within 90 days after the contract termination.

Authorization to disenroll is triggered if the contract between the pharmacy and the MCO terminates because (1) the MCO terminates the contract for a reason other than quality of care or the provider's failure to comply with quality assurance activities; (2) the MCO reduces the capitated or applicable fee for services rates in an amount greater than the actual change in rates or capitation paid to the MCO by DHMH and the pharmacy and the MCO are unable to negotiate a mutually acceptable rate; or (3) the contract is terminated because the MCO is acquired by another entity. However, a recipient may also disenroll if the pharmacy is no longer part of the MCO's network and the termination of the contract between the pharmacy and the MCO is for other circumstances, subject to DHMH approval.

Current Law: An enrollee may disenroll from an MCO (1) without cause in the month following the anniversary of the enrollee's enrollment and (2) for cause at any time as determined by the Secretary of Health and Mental Hygiene. DHMH must provide timely notification to the affected MCO of an enrollee's intention to disenroll.

Under Code of Maryland Regulations 10.09.63.06, an enrollee may disenroll from an MCO and enroll into another MCO for cause under several scenarios. This includes if the enrollee requests a change of MCO within 90 days after the termination of the enrollee's primary care provider's contract if the contract with the enrollee's MCO is terminating (1) by the MCO for reasons other than the quality of care or the provider's failure to comply with quality assurance activities or (2) because the MCO's reduction of the provider's reimbursement is greater than the actual change in capitation paid to the MCO by DHMH and the MCO and provider are unable to negotiate a mutually acceptable rate. If an MCO is acquired by another entity, an enrollee must have 30 days prior to the change in ownership to disenroll from the MCO into another MCO.

HealthChoice must ensure that an enrollee has access to a pharmacy that is licensed by the State and within a reasonable distance from the enrollee's residence. Under Code of Maryland Regulations 10.09.66.06, an MCO must develop and maintain a provider network that ensures that enrollees have access to the sites at which they receive primary care, pharmacy, obstetrics/gynecology, and diagnostic laboratory and X-ray services. To meet geographical access standards, an MCO must provide these services within a specified distance of each enrollee's residence. In urban areas, enrollees must have access within 10 miles of their residence; in rural areas, within 30 miles; and in suburban areas, within 20 miles.

Background: As of January 2016, approximately 1.0 million individuals are enrolled in Medicaid MCOs. HealthChoice currently has eight MCOs: Amerigroup, Jai, Kaiser, Maryland Physicians Care, MedStar, Priority Partners, Riverside, and United Healthcare.

According to the State Board of Pharmacy, there are approximately 1,907 full-service retail pharmacies licensed to operate in Maryland.

State Fiscal Effect: DHMH does not presently monitor many of the circumstances that trigger an enrollee's right to disenroll under the bill. For example, DHMH does not receive information on the rates paid to pharmacies by MCOs or calculate how those rates compare to the fees paid to MCOs by DHMH. Thus, to comply with the bill, DHMH advises that it must develop a system to proactively monitor the pharmacies used by all Medicaid recipients and other circumstances that trigger a right to disenroll in order to develop an appropriate process to notify recipients who qualify to disenroll under the bill. Additionally, DHMH advises that it would contact recipients eligible to disenroll by mail to notify them of their right to change MCOs. For each individual that elects to change MCOs, DHMH incurs a $10 enrollment broker fee to enroll the recipient in a new MCO.

The Department of Legislative Services (DLS) notes that the bill requires an enrollee to notify DHMH of the enrollee's intention to disenroll within 90 days after the MCO terminates a contract with the MCO. The bill does not require DHMH to proactively notify enrollees when their right to disenroll is triggered. Thus, on receipt of notification from an enrollee, DLS assumes that DHMH could verify whether the enrollee is eligible to disenroll and, if eligible, process the disenrollment and reenrollment through the enrollment broker. Actual administrative costs cannot be reliably estimated and depend on the number of Medicaid recipients that qualify for and elect to disenroll under the bill.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Health and Mental Hygiene, Department of Legislative Services

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