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February 24, 2021

Senator Ned Claxton, Chair  
Representative Michele Meyer, Chair  
Members, Joint Standing Committee on Health and Human Services  
100 State House Station  
Augusta, ME 04333-0100

Re: LD 372 – An Act To Provide Maine Children Access to Affordable Health Care

Senator Claxton, Representative Meyer, and Members of the Joint Standing Committee on Health and Human Services:

This letter is to provide you with information that might be helpful to you in your deliberations regarding LD 372. The proposed legislation makes the following changes to increase enrollment in Cub Care, Maine's Children's Health Insurance Program (CHIP):

- Increases the maximum eligibility level from 200 percent to 300 percent of the federal poverty level (FPL);
- Eliminates the three-month waiting period for enrollment following the termination of health insurance or coverage under an employer-based plan;
- Provides coverage to persons 19 and 20 years of age and noncitizens under 21 years of age;
- Eliminates premiums;
- Establishes that eligibility is not subject to an asset test;
- Directs the Department to apply for additional federal funds available for Medicaid outreach activities; and
- Directs the Department to submit a state plan amendment or waiver to make the required changes.

The Department is neither for nor against the bill but does note that in this current form there would be potentially significant increases in General Fund expenditures.

State plan amendments would need to be submitted and approved by the Centers for Medicare and Medicaid Services (CMS) prior to implementing increased FPLs, elimination of three-month waiting periods for enrollment following the termination of health insurance or coverage under an employer-based plan, coverage to individuals age 19 to 20, and the elimination of premiums. Section 2102(b)(3)(C) of the Social Security Act requires that our state plan must include policies and procedures to prevent the substitution of group health coverage or other commercial health insurance with public funded coverage, such as Cub Care. Maine may not be permitted to remove the three-month waiting period for enrollment without a new strategy to prevent

substitution of coverage. It is important to highlight current rules that provide multiple exceptions to the three-month waiting period if a child is dropped from health insurance (42 CFR 457.805).

Federal regulations (42 CFR 457.320) limit eligibility for children up to, but not including, age 19. The increase in eligibility to cover 19- and 20-year-olds, including noncitizens under 21, would need to be entirely state funded.

Cub Care applies Modified Adjusted Gross Income budgeting methodologies to determine eligibility, however, federal regulations (42 CFR 457.315 and 435.603(b) through (i)) already prohibit an asset or resource test. LD 372 would create unnecessary duplication of asset test policy.

This legislation, if approved by the Centers for Medicare and Medicaid Services (CMS), would increase enrollment in Cub Care and reduce cost-sharing through the elimination of premiums. This would have a significant general fund impact as written. At this time, we have concerns about how the state would fund this proposal.

We wanted you to be aware of the above information as you consider this bill going forward and we welcome any additional questions.

Sincerely,

DocuSigned by:  
  
Anthony Pelette, Director  
Office for Family Independence