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## State Data Spotlight: Maryland's Fiscal Model Helps Project Impact of Health Reform

Maryland's Health Care Reform Coordinating Council (HCRCC) has developed a financial modeling tool for use in estimating the fiscal impact of federal health reform. The tool aims to identify how health reform will change the state's budget by comparing costs, savings and revenues related to reform with what would be expected in the absence of reform. To react to evolving provisions of federal health reform, the financial modeling tool has the ability to change and be updated as projections are replaced with actual data. Similarly, as decisions are made, the tool can accommodate an ever-changing environment and adjust to generate useful long-term fiscal estimates.



Key resources utilized in the development of the financial modeling tool included:

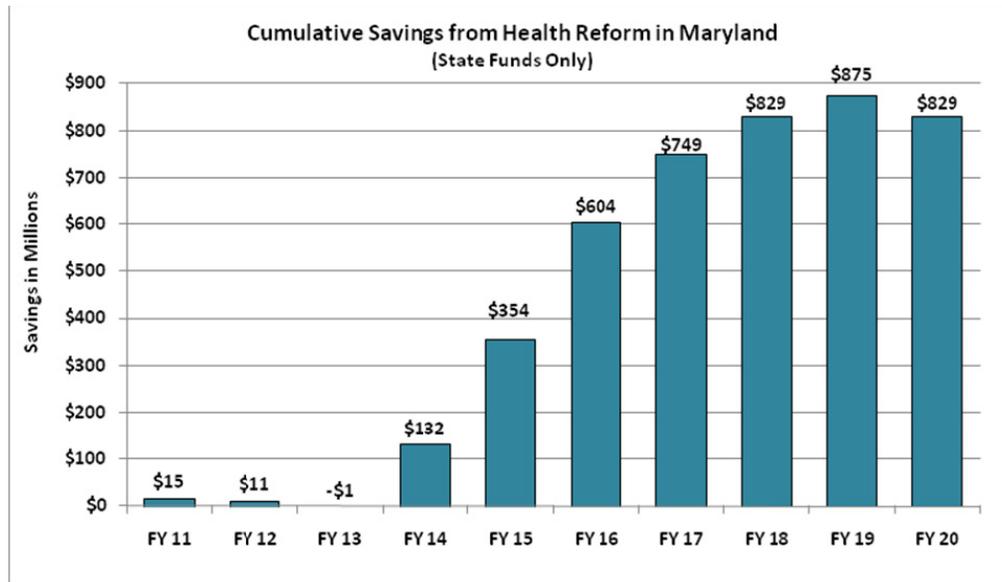
- Maryland Department of Planning population estimates
- American Community Survey (ACS) data
- Medicaid enrollment data
- Primary Adult Care Program enrollment data
- Maryland Health Care Commission (MHCC) survey data

Under contract to the HCRCC, The Hilltop Institute at UMBC (University of Maryland Baltimore County) developed the financial modeling tool for use in the state of Maryland, but modification for use in other states is possible. For states interested in developing their own financial modeling tool, SHADAC can provide technical assistance and expertise related to these data. More information on the financial modeling tool can be found in Appendix F of the Interim Report to the HCRCC (July 26, 2010) at <http://www.healthreform.maryland.gov/documents/100726appendixf.pdf>.

### ***Federal Reform Implications***

The most recent estimates produced by the modeling tool show that health care reform will generate savings of \$829 million over the next ten years (See Figure 1). Although there are significant increased costs of creating an insurance exchange and implementing the Medicaid expansion, increased federal Medicaid and Children's Health Insurance assistance, reductions in the demand for state-only programs such as an existing state-subsidized high-risk pool, and revenues from an existing premium assessment program due to an increase in the volume of insurance all will provide additional savings and revenues.

**Figure 1. Projected financial impact of federal health reform in Maryland through FY2020.**



Source: Health Care Reform Coordinating Council Interim Report,  
<http://www.healthreform.maryland.gov/documents/100726interimreport.pdf>

### **Legislative History**

The HCRCC was created by a Governor’s Executive Order shortly after the enactment of the Affordable Care Act to ensure the efficient implementation of federal health care reform in the state of Maryland. Governor O’Malley convened the Council in order to coordinate activities required to implement federal health reform in the state of Maryland. In his executive order issued March 24<sup>th</sup>, the day after the enactment of federal reform on March 23<sup>rd</sup>, the Governor outlined specific responsibilities of the Council including the development of a financial model, development of a timeline for implementation with decision deadlines, identification of affected state legislation and policy recommendations utilizing stakeholder input. The swift response and timeliness in creating the Council has allowed Maryland to rapidly identify the implications of federal reform and craft tools to further analyze effects on the state. To emphasize transparency in the implementation process, the HCRCC’s website (<http://www.healthreform.maryland.gov/>) takes public comments on the state’s plans and work done by the Council.

### **About the Data Spotlight Series**

**State Data Spotlight** is a SHADAC series highlighting states’ unique data tools, datasets, and uses of existing data systems. The series aims to provide information and insight on innovations that can be applied in other states.

States pursuing similar strategies can contact SHADAC for technical assistance and support in developing these types of innovations.