

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 989

(Delegate Lopez, et al.)

Health and Ways and Means

Finance

State Assistance for the Elderly - Study on Calculation of Income

This bill requires the Maryland Department of Aging (MDOA), by December 1, 2026, to study the implications of prohibiting certain State housing assistance and medical assistance programs from including income that an individual receives from renting a portion of the individual's primary residence in the calculation of income for the program. The study must (1) identify any barriers, including federal laws; (2) identify necessary State resources; and (3) determine which programs such a prohibition could reasonably apply. In conducting the study, MDOA must consult with the Maryland Department of Disabilities (MDOD), the Maryland Department of Health (MDH), the Department of Housing and Community Development (DHCD), and the Department of Human Services (DHS). MDOA must report its findings and recommendations to specified committees of the General Assembly. The bill takes effect July 1, 2026, and terminates June 30, 2027.

Fiscal Summary

State Effect: MDOA general fund expenditures increase by \$25,000 in FY 2027 only for consultant services, as discussed below. Revenues are not affected. MDOD, MDH, DHCD, and DHS can provide consultation to MDOA using existing budgeted resources. This estimate does not reflect the potential cost of prohibiting specified income from being included in an applicant's income when determining eligibility for certain State programs.

Table with 6 columns: (in dollars), FY 2027, FY 2028, FY 2029, FY 2030, FY 2031. Rows include Revenues, GF Expenditure, and Net Effect.

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

Local Effect: The bill does not directly affect local governmental operations or finances.

Small Business Effect: Minimal.

Analysis

Current Law: MDOA functions as the State Unit on Aging as federally designated through the Older Americans Act of 1965 and receives federal and State funding to serve older adults and their families and caregivers. MDOA coordinates, evaluates, and plans the delivery of services for, and advocates on behalf of, older adults at all levels of government.

MDOA distributes funding and provides fiscal and programmatic oversight to the aging services network across the State, including to 19 local area agencies on aging. Services funded through MDOA and administered by the aging services network include information and referral services, nutrition services, community-based supportive services, and assisted living subsidies.

Medicaid

MDH administers Medicaid, which provides comprehensive health care coverage to eligible low-income individuals. In general, recipients of Temporary Cash Assistance or federal Supplemental Security Income benefits automatically qualify for Medicaid. Other individuals qualify for Medicaid based on their income or due to an inability to pay extraordinary medical bills resulting from a catastrophic illness or extended nursing home or hospital stay. Certain elderly individuals may also be eligible for assistance under Medicare.

Maryland regulations (COMAR [10.09.24.07](#)) currently specify that profit from rental property income and other income-producing property is deducted (at a rate of 50%) from the countable gross income of an aged (65 or older) assistance unit when determining eligibility for Medicaid.

Housing Assistance

DHCD works to finance housing opportunities and revitalize great places for Maryland citizens to live, work, and prosper. Several DHCD [programs](#) assist families to find, maintain and keep affordable and livable housing in communities throughout the State. DHCD advises that it does not offer any programs that are designed exclusively to assist elderly individuals in the State.

State Fiscal Effect: Under the bill, MDOA must study the implications of prohibiting income received from renting a portion of an individual's primary residence from being included in an applicant's income when determining eligibility for certain State housing

assistance and medical assistance programs. MDOA advises that to complete the study and issue a report by December 1, 2026, contractual assistance is required. Thus, MDOA general fund expenditures increase by \$25,000 in fiscal 2027 only to support the study.

Additional Comments: MDH advises that a disregard of 100% of the income from renting a portion of an individual's residence from the income calculation for a determination of Medicaid eligibility is unlikely to be approved by the federal Centers for Medicare and Medicaid Services. Under such circumstances, Medicaid expenditures (50% general funds, 50% federal funds) would likely increase to provide an income disregard.

DHS performs eligibility determinations for Medicaid applicants. To exempt rental income received from renting a portion of an individual's home for purposes of Medicaid eligibility determination for individuals in the aged, blind, and disabled eligibility category, DHS advises that it must update its Eligibility and Enrollment System (E&E). Oversight of (and all funds associated with E&E) is handled by the Maryland Department of Information Technology.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Department of Commerce; Maryland Department of Aging; Comptroller's Office; Maryland Department of Health; Department of Housing and Community Development; Department of Human Services; State Department of Assessments and Taxation; Maryland Energy Administration; Department of Legislative Services

Fiscal Note History: First Reader - March 4, 2026
jg/jc Third Reader - March 30, 2026
Revised - Amendment(s) - March 30, 2026

Analysis by: Amberly E. Holcomb

Direct Inquiries to:
(410) 946-5510
(301) 970-5510