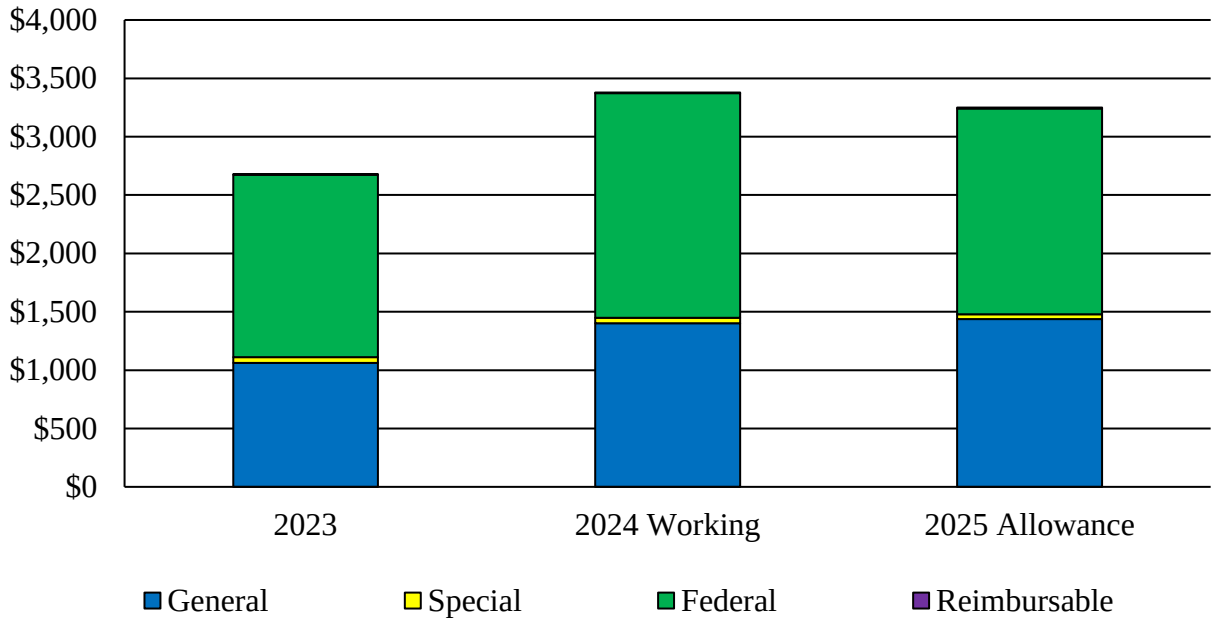
M00L
Behavioral Health Administration
Maryland Department of Health

Executive Summary

The Maryland Department of Health (MDH) Behavioral Health Administration (BHA) is responsible for coordinating State programs to prevent, treat, and support individuals with mental illness, substance use disorders (SUD), problem gambling disorders, and co-occurring conditions. The BHA budget also reflects provider reimbursements for specialty behavioral health services to those in the Medicaid program and the uninsured through the Public Behavioral Health System (PBHS), which is managed through an Administrative Services Organization (ASO). This analysis does not reflect funding the State-run psychiatric facilities, which have been moved under the MDH Administration budget and are covered in the M00A01 – MDH – Administration analysis.

Operating Budget Summary

Fiscal 2025 Budget Decreases $130.7 Million, or 3.9%, to $3.2 Billion
($ in Millions)



Note: The fiscal 2024 working appropriation includes deficiencies. The fiscal 2025 allowance accounts for contingent reductions. The fiscal 2024 impacts of statewide salary adjustments appear in the Statewide Account in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency's budget. The fiscal 2025 impacts of the fiscal 2024 statewide salary adjustments appear in this agency's budget. The fiscal 2025 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency's budget. The fiscal 2025 allowance includes contingent reductions.

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- The fiscal 2025 allowance includes proposed deficiencies that would increase the fiscal 2024 working appropriation by a net of $438.2 million. Increases totaling $512.6 million account for anticipated shortfalls related to behavioral health-related Medicaid expenditures in fiscal 2023 and 2024. These increases are partially offset by withdrawals totaling $74.4 million in general funds for fiscal 2024 for provider reimbursements for the Community Services for Medicaid eligible program and Community Services for the uninsured population to better align with actual expenditures.

- The fiscal 2025 allowance includes a general fund reduction of $3,014,086 contingent on legislation authorizing the transfer of excess balances from the Health Professional Boards and Commissions. A provision to accomplish this is contained in the Budget Reconciliation and Financing Act (BRFA) of 2024.

Key Observations

- ***BHA Continues to Implement New Programs and Expand Existing Programs with Fiscal 2024 Investments in the PBHS:*** The fiscal 2024 legislative appropriation included $107.5 million for behavioral health initiatives, including $35 million for crisis services first provided in fiscal 2023. The fiscal 2025 allowance includes $89.2 million for ongoing initiatives, most of which began in fiscal 2024. Approximately half of the investments are allocated to crisis response and stabilization.

- ***BHA Secures Contract with New ASO Provider and Continues Provider Overpayment Recoupment and Forgiveness:*** Following processing errors leading to untimely and inaccurate provider repayments in calendar 2020, MDH issued estimated payments to ensure providers received revenue while serving patients. The use of prior year service to estimate payments led to the overpayments of some providers and resulted in MDH seeking to recoup these overpayments. MDH released a request for proposals (RFP) for a new ASO contract in January 2023 and selected a vendor at the end of calendar 2023. The Board of Public Works (BPW) approved a contract with a new ASO vendor on February 14, 2024.

Operating Budget Recommended Actions

1. Add language restricting funds pending a report on provider overpayment and recoupment.

2. Add language restricting funds pending a report on non-Medicaid provider reimbursements.

3. Amend language to make a technical correction on contingent language.

4. Add language restricting the general fund appropriation for M00L01.02 to be expended only in M00L01.02, M00L01.03, M00Q01.03, or M00Q01.10.

5. Add language to authorize the usage of the Senior Prescription Drug Assistance Program balance in the Behavioral Health Administration.

6. Add language restricting the appropriation for M00L01.03 to be expended only in M00L01.02, M00L01.03, M00Q01.03, or M00Q01.10.

7. Add language restricting the general fund appropriation for M00Q01.10 to be expended only in M00L01.02, M00L01.03, M00Q01.03, or M00Q01.10.

8. Add language restricting the general fund portion of the fiscal 2023 deficiency appropriation for M00Q01.10 to be expended only in M00L01.02, M00L01.03, M00Q01.03, or M00Q01.10.

9. Add language restricting the general fund portion of the fiscal 2024 deficiency appropriation for M00Q01.10 to be expended only in M00L01.02, M00L01.03, M00Q01.03, or M00Q01.10.

Budget Reconciliation and Financing Act Recommended Actions

1. Authorize $5.0 million from the Senior Prescription Drug Assistance Program Fund to be used for behavioral health services in fiscal 2025 only.

Operating Budget Analysis

Program Description

BHA develops and coordinates a comprehensive system of services for people with mental illness, SUD, problem gambling disorders, and those with co-occurring mental illness and SUD. BHA programs and services work across a continuum of care, which includes prevention, care, treatment, and recovery. Local core services agencies deliver services in their respective jurisdictions across the State. BHA establishes personnel standards and develops and administers professional development and training to behavioral health professionals. BHA also develops and operates programs for SUD-specific research, education, and prevention efforts, in addition to treatment and recovery programs.

In fiscal 2015, funding for Medicaid-eligible specialty mental health services (based on diagnosis) was moved into the Medical Care Programs Administration (MCPA). In fiscal 2016, funding for SUD was carved out from managed care and budgeted as fee-for-service in program M00Q01.10 alongside Medicaid-eligible specialty mental health services. The funding in M00Q01.10 is reflected in this analysis.

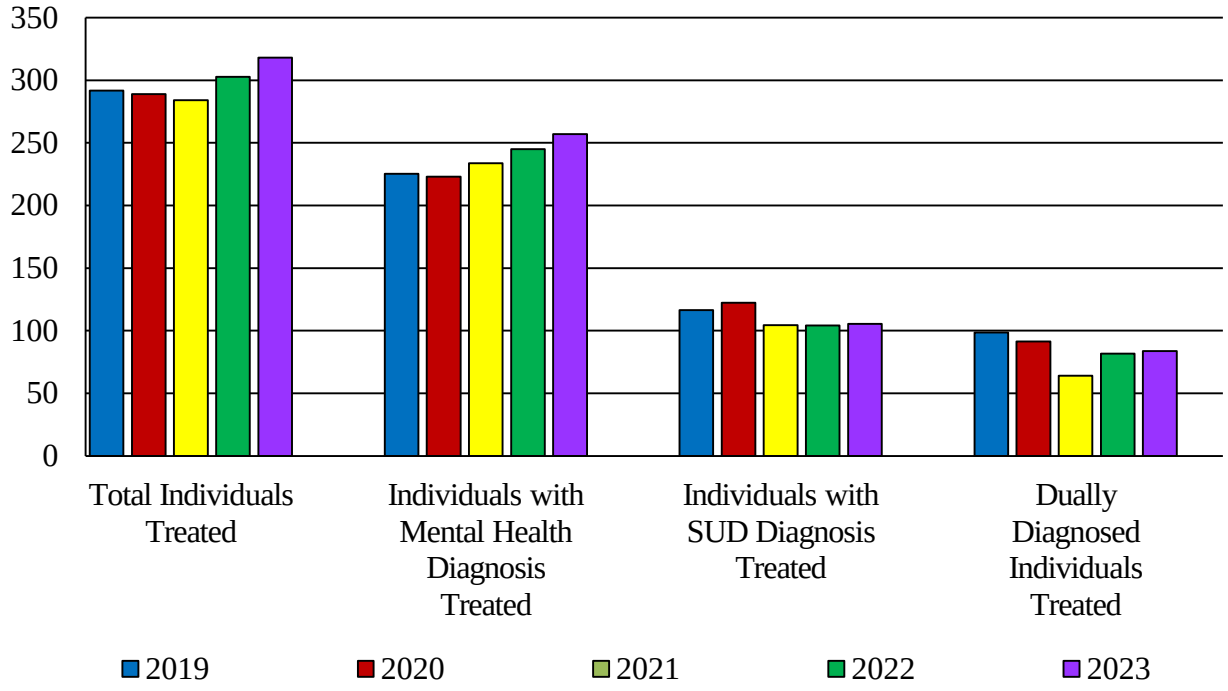
Performance Analysis: Managing for Results

1. Fewer Individuals with SUD and Dual Diagnoses Access Care Post-pandemic

Nearly 318,000 people were treated by the Maryland PBHS in fiscal 2023, and more than 327,502 are expected to access services in fiscal 2024. As shown in **Exhibit 1**, the total number of individuals receiving care has been increasing since fiscal 2021, driven mainly by an increase in the provision of mental health services.

The number of individuals receiving SUD services, or who are dually diagnosed and utilizing services, decreased significantly by 17,879 and 27,342, respectively, in fiscal 2021 compared to fiscal 2020, reflecting challenges in care access during the first year of the COVID-19 pandemic. The number of individuals accessing SUD care has stayed low in the years since, while the number of dually diagnosed individuals receiving services increased by 17,603 (27.4%) in fiscal 2022 and increased modestly (by 2,061, or 2.5%) in fiscal 2023. The number of people accessing SUD care has not rebounded to pre-fiscal 2020 levels. Compared to fiscal 2019 utilization, 9.4% fewer individuals accessed SUD services in fiscal 2023. These trends suggest that accessing care has become an even bigger barrier in the wake of the pandemic. BHA intends to use additional funding appropriated for investments in PBHS to increase access to services. These investments are discussed in Issue 1 of this analysis.

Exhibit 1
Statewide Utilization of PBHS
Fiscal 2019-2023

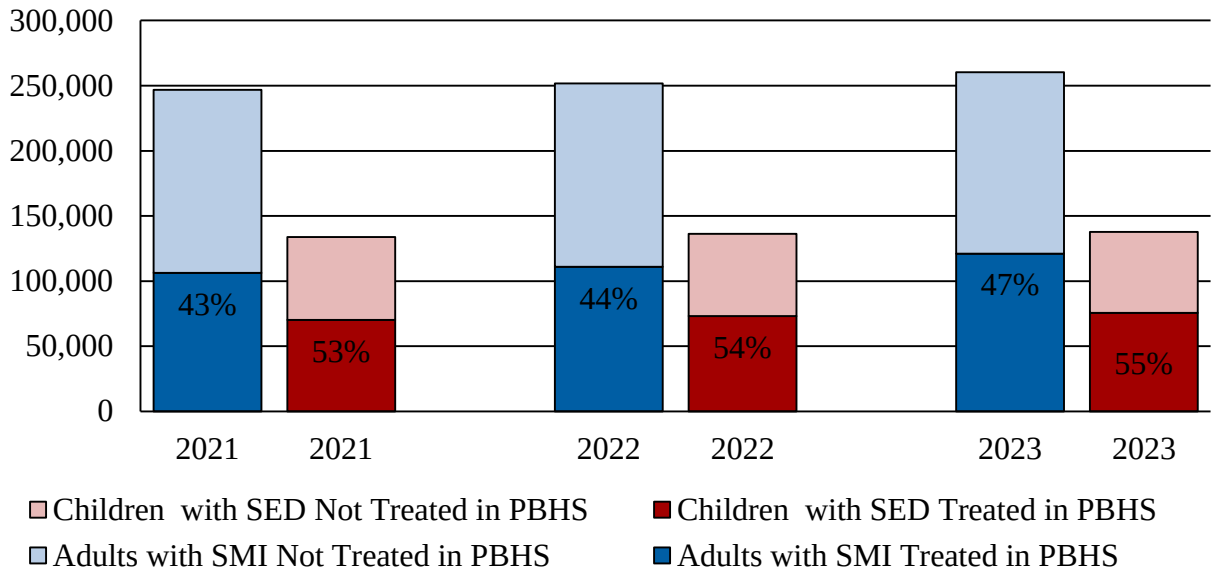


PBHS: Public Behavioral Health System
SUD: substance use disorder

Source: Maryland Department of Health; Department of Budget and Management

In addition to data on service utilization, MDH collects data on the estimated number of adults with severe mental illness (SMI) and children with serious emotional disturbance (SED) in Maryland to understand the gaps between need and service utilization. MDH provides estimates for both adults and children. As shown in **Exhibit 2**, the number of adults estimated to have SMI and the number of children estimated to have SED has increased annually between fiscal 2021 and 2023. MDH did not report this metric between fiscal 2018 and 2020. During this most recent period, usage of PBHS services among both adults and children increased steadily. However, the proportion of children and adults utilizing services out of the total estimated to be living with SED or SMI remains below 60% among both groups. In fiscal 2023, 47% of the estimated number of adults with SMI and 55% of the estimated number of children with SED were utilizing PBHS services. Between fiscal 2021 and 2023, this percentage grew annually but illustrates accessibility challenges for behavioral health care in the State.

Exhibit 2
Mental Health Needs
Fiscal 2021-2023



PBHS: Public Behavioral Health System
SED: serious emotional disturbance
SMI: severe mental illness

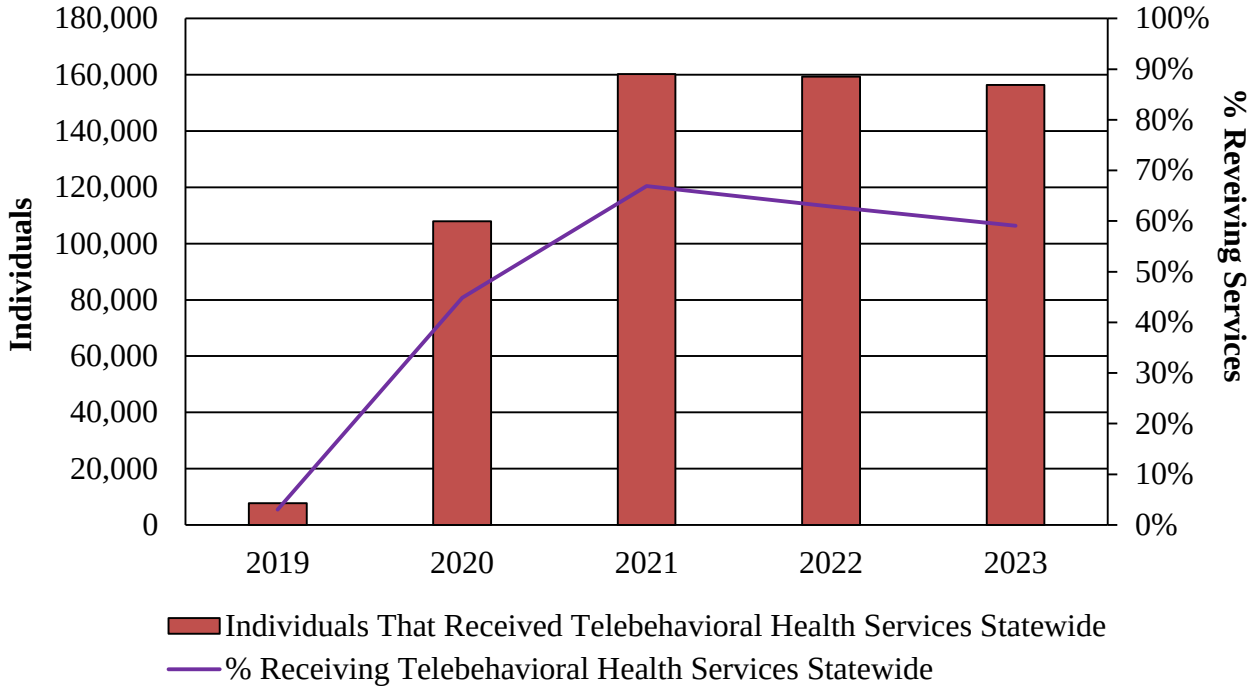
Source: Maryland Department of Health; Department of Budget and Management

2. Telebehavioral Health Usage Expands during the COVID-19 Pandemic

MDH has included telebehavioral health usage in rural areas in its annual Managing for Results (MFR) data submission for several years. Language in the fiscal 2024 Budget Bill required MDH to include statewide utilization data with fiscal 2025 MFR data. The statewide rates of utilization, measured by the percentage of individuals served in outpatient settings who receive telebehavioral health services statewide in fiscal 2020, totaled 41.9%. As shown in **Exhibit 3**, following a peak of 66.9% in fiscal 2021, the rate has decreased by 7.8 percentage points. The sharp increase in usage compared to fiscal 2019 is due primarily to changes in eligibility for reimbursement. First, beginning in fiscal 2020, federal public health waivers enabled MDH to reimburse providers for audio-only telehealth services. MDH continues to provide reimbursement for audio-only telehealth services due to the State's Preserve Telehealth Access Acts of 2021 and 2023 (Chapter 71 of 2021 and Chapter 382 of 2023), which require MDH to offer the service beyond the expiration of the COVID-19 public health emergency (PHE) through June 2025. Telebehavioral health services provide easy access to care and allow patients to stay consistent

with care methods established during the pandemic. **The Department of Legislative Services (DLS) recommends the release of $100,000 in general funds restricted in fiscal 2024 pending the submission of statewide data on telebehavioral health usage in the MFR submission and will process a letter to this effect if no objections are raised by the subcommittees.**

Exhibit 3
Statewide Telebehavioral Health Utilization
Fiscal 2019-2023



Source: Maryland Department of Health; Department of Budget and Management

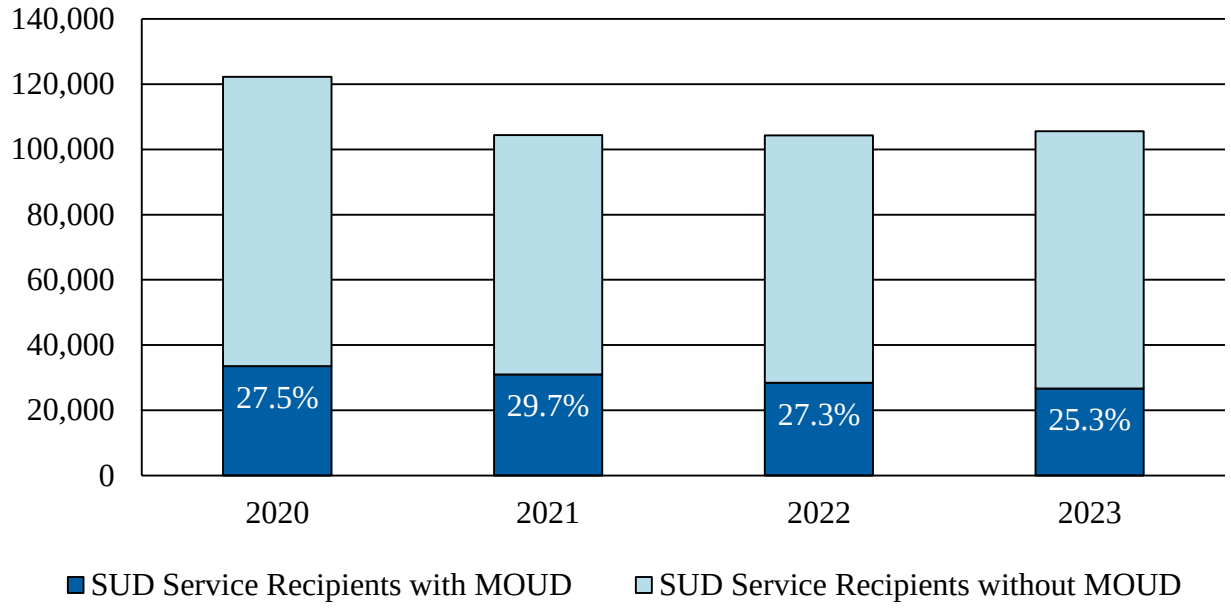
3. Utilization of Medication for the Treatment of Opioid Use Disorder

Medication for the treatment of opioid use disorder (MOUD), previously referred to as medication assisted treatment (MAT), includes treatments such as buprenorphine, naltrexone, and methadone, and is offered primarily through Opioid Treatment Programs (OTP) or Office-Based Opioid Treatment (OBOT) providers throughout Maryland. OTPs are certified by the federal Substance Abuse and Mental Health Services Administration to administer MOUD and provide or refer patients to other necessary medical and psychosocial treatment services. OBOT providers are often primary care providers or addiction specialists who are authorized to prescribe buprenorphine and naltrexone but cannot prescribe or dispense methadone. In Maryland, licensed practitioners, except veterinarians, with valid Drug Enforcement Administration registration with

Schedules II through V authority can also prescribe buprenorphine. In addition, in Maryland, MOUD services are available at detention centers, recovery residencies, primary care settings, pharmacies, and SUD residential treatment facilities.

As shown in **Exhibit 4**, the total number of individuals receiving SUD services through PBHS in fiscal 2021 decreased by 14.6% compared to fiscal 2020. After a slight decrease in fiscal 2022, the number receiving SUD services in fiscal 2023 grew by more than 1,000 people, or 1.2%. The proportion of those who received MOUD increased slightly in fiscal 2021 compared to fiscal 2020 but then decreased by 2 percentage points in the subsequent fiscal years. One challenge to administering MOUD is access to qualified and established providers.

Exhibit 4
Prevalence of MOUD in SUD Treatment
Fiscal 2020-2023



MOUD: medication for the treatment of opioid use disorder
SUD: substance use disorder

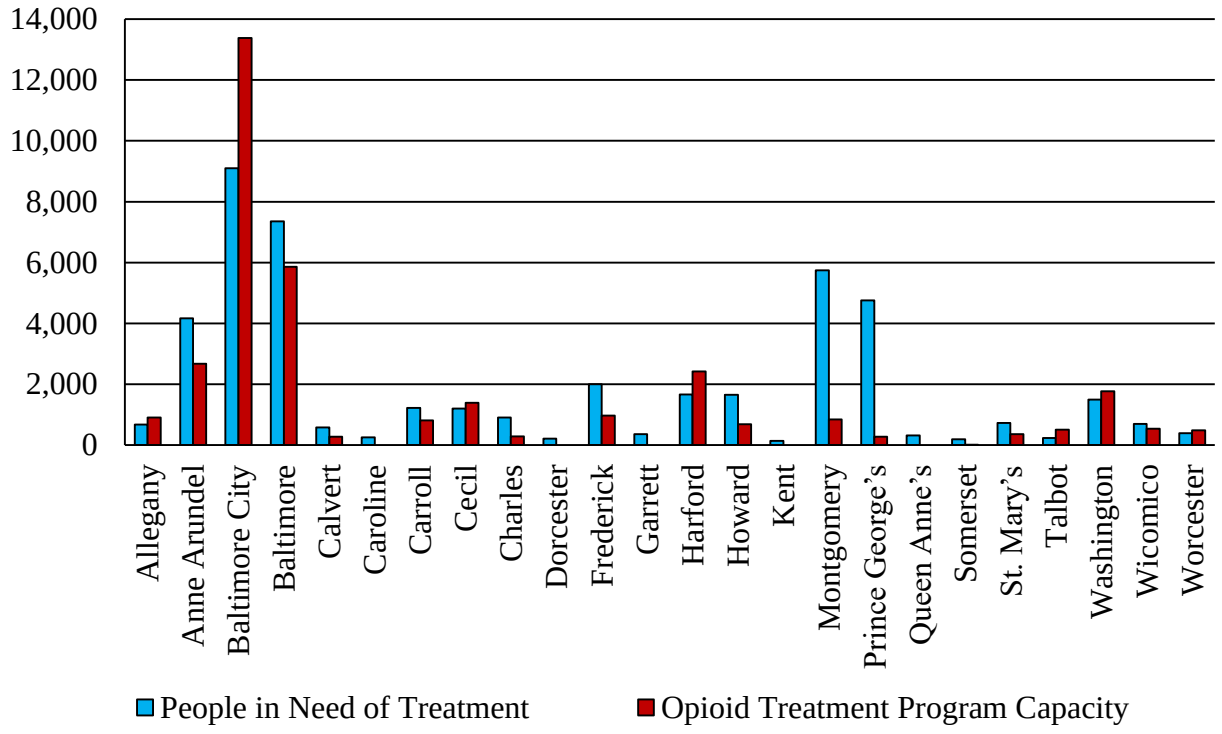
Source: Maryland Department of Health, Department of Budget and Management

Language in the fiscal 2024 budget restricted funds in BHA pending a report on MOUD including detail on provider prevalence by jurisdiction. In the submitted report, BHA discussed findings from a 2021 needs assessment conducted by BHA in collaboration the University of Maryland, Baltimore Campus (UMB) Systems Evaluation Center. The needs assessment estimated that 46,097 individuals in Maryland required MOUD in fiscal 2021. Approximately 66.8% of these individuals resided in the Baltimore-Washington Metropolitan area in Baltimore City, and

Anne Arundel, Baltimore, Montgomery, and Prince George's counties. While the highest numbers of people in need are in the most populous jurisdictions of the State, rates of need vary widely, with the greatest proportional need concentrated in Baltimore City (18.5 per 1,000 population), Garrett County (14.7 per 1,000 population), and Cecil County (14.3 per 1,000 population). Howard, Montgomery, and Prince George's counties had the lowest need rates (6.3, 6.8, and 6.4 per 1,000 population, respectively).

As of December 2023, there were 103 OTP provider organizations in Maryland. MDH estimates that OTP provider capacity is sufficient to meet nearly 75% of the statewide estimated need for MOUD treatment, but the adequacy of OTP provider capacity varies among local jurisdictions. **Exhibit 5** shows the number of individuals in need of MOUD treatment services and the capacity of OTP providers in each jurisdiction, as of fiscal 2021. **MDH should comment on its work with individual local behavioral health authorities to address insufficient supply of MOUD services in their jurisdictions.**

Exhibit 5
Local MOUD Providers
Fiscal 2021



MOUD: medication for the treatment of opioid use disorder
SUD: substance use disorder

Source: Maryland Department of Health

Fiscal 2023

At fiscal 2023 closeout, BHA reverted more than $100 million in general funds, primarily in the following areas:

- $45.4 million due to program delays, including $35 million for new crisis response programming, which required developing new regulations through a process that took longer than anticipated. MDH anticipates that providers will be able to begin billing for these services late fiscal 2024; however, data available through December 2023 on provider reimbursement does not yet reflect this spending. Program delays related to fiscal 2024 investments are discussed in more detail in Issue 1 of this analysis;

- $26.7 million for various grants and contracts related to SUD treatment and recovery;

- $16.8 million for provider reimbursements;

- $9 million for other grant programs including $3.5 million for the Interagency Hospital Overstays Initiative;

- $2.4 million appropriated for a contract with UMB to deliver the Maryland Behavioral Health in Pediatric Primary Care program, which was not initiated; and

- $2.5 million for the Sheila E. Hixson Behavioral Health Services Matching Grant Program to provide behavioral health services to veterans, service members, and their families because BHA was unable to adequately staff the program. Chapter 786 of 2021 established the program and specifies that, beginning in fiscal 2022, the Governor may provide an annual appropriation of $2.5 million for the program. The fiscal 2025 allowance includes $2.4 million for the program. **MDH should comment on if it has adequately staffed this program as of the 2024 session.**

Fiscal 2024

Implementation of Legislative Priorities

Section 19 of the fiscal 2024 Budget Bill includes $600,000 in general funds for legislative priorities under Community Services in BHA. Chapter 276 of 2023 established the Recovery Residence Grant Program to support nonprofit organizations that provide housing to individuals with SUD. The legislation requires the program to receive an appropriation of $500,000 annually from fiscal 2024 through 2027. Section 19 added the funding for fiscal 2024, and the fiscal 2025 allowance level funds the program.

The remaining $100,000 was added to provide a grant to Pro Bono Counseling to support operation of the WARMLine and access to mental health care. Pro Bono Counseling created the WARMLine during the COVID-19 pandemic as a free phone service for those seeking mental health services in Maryland to connect more people to therapy or crisis care. Funding for this purpose is not included in the fiscal 2025 allowance.

Proposed Deficiency

The fiscal 2025 allowance includes four proposed deficiency appropriations totaling a net increase to the fiscal 2024 appropriation of $438.2 million. Two of the proposed deficiencies would increase spending for provider reimbursements for behavioral health-related Medicaid expenditures including:

- $420.6 million in total funds ($89.1 million of general funds) to account for anticipated fiscal 2024 shortfalls; and

- $92 million in total funds ($28.7 million in general funds) for shortfalls related to of fiscal 2023 service costs that are paid in fiscal 2024.

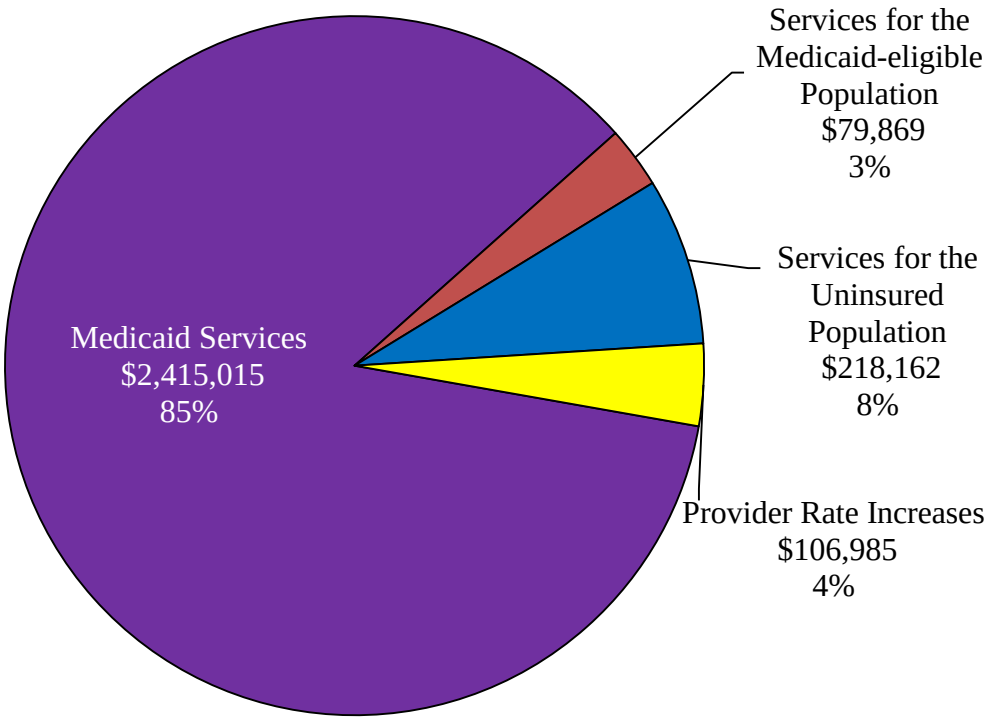
Providers have 12 months to bill for services, and typically MDH accrues funds to pay those bills in the following year. However, in fiscal 2023, the funds available are insufficient to cover anticipated claims.

These increases are partially offset by a combined withdrawal of $74.4 million in general funds for fiscal 2024 for provider reimbursements for the Community Services for Medicaid eligible program ($16,928,316) and Community Services for the uninsured population ($57,438,138) to better align with actual expenditures. Despite the withdrawn appropriations, the remaining appropriations in the program still allow for growth in expenditures compared to fiscal 2023.

Fiscal 2025 Overview of Agency Spending

The fiscal 2025 allowance includes $3.2 billion for BHA. Reimbursements to providers for behavioral health services comprise approximately 87% of the total budget. **Exhibit 6** breaks out provider reimbursements by service type and recipient group. Most of the expenditures for provider reimbursements in BHA are for Medicaid services ($2.4 billion). Provider reimbursement costs for non-Medicaid services total 11% of the total provider reimbursements including $79.9 million for the Medicaid-eligible population receiving non-Medicaid-eligible services and $225.1 million for people who are uninsured. An additional 4% of the fiscal 2025 allowance for provider reimbursements ($107 million) supports provider rate increases. This amount includes a 3% rate increase across BHA providers, plus an annualization of the 8% increase provided on January 1, 2024, as part of the acceleration of the increase in minimum wage under Chapter 2 of 2023.

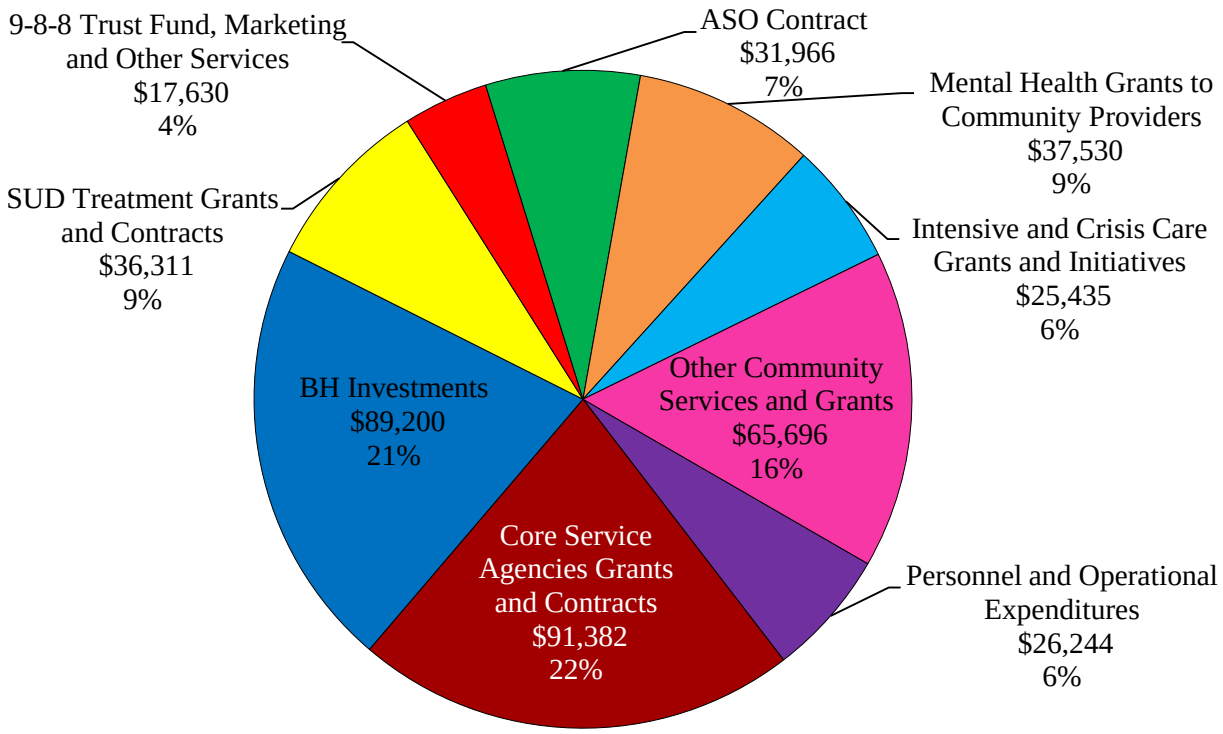
Exhibit 6
Behavioral Health Spending on Provider Reimbursements
Fiscal 2025 Allowance
($ in Thousands)



Source: Governor's Fiscal 2025 Budget Books

Excluding expenditures related to provider reimbursements, the fiscal 2025 allowance includes $421.4 million for other BHA costs. As shown in **Exhibit 7**, grants to local core services agencies comprise the largest share ($91.4 million) of this part of the budget. This funding supports the administration and delivery of non-Medicaid behavioral health services and programs. The allowance also includes $89.2 million for ongoing investments in behavioral health, discussed in Issue 1 of this analysis. Grants and contracts to providers offering SUD treatment total $36.3 million. The allowance also includes $32 million for the ASO contract. The current vendor contract expires in December 2024, and the new vendor will begin on March 1, 2024, as discussed in Issue 2 of this analysis.

Exhibit 7
Behavioral Health Spending Excluding Provider Reimbursements
Fiscal 2025 Allowance
($ in Thousands)



ASO: Administrative Services Organization
BH: behavioral health
SUD: substance use disorder

Note: The fiscal 2025 impacts of the fiscal 2024 statewide salary adjustments appear in this agency's budget. The fiscal 2025 statewide salary adjustments are centrally budgeted in Department of Budget and Management and are not included in this agency's budget.

Source: Governor's Fiscal 2025 Budget Books

Proposed Budget Change

As shown in **Exhibit 8**, the fiscal 2025 allowance for BHA decreases by $130.7 million compared to the fiscal 2024 appropriation. Anticipated declines in enrollment and utilization of Medicaid services, due in part to the expiration of expanded eligibility authorized during the COVID-19 PHE, accounts for much of the decrease in provider reimbursements across BHA ($205.8 million). This decrease is partially offset by provider rate increases ($107 million). Other

reductions include the expiration of a federal State Opioid Response grant ($23.6 million), which MDH anticipates being approved for renewal during fiscal 2024 but is not reflected in the fiscal 2025 allowance; the expiration of stimulus funding ($13.1 million); and the end of one-time funding in fiscal 2024 for investments in PBHS ($18.3 million), which are discussed in more detail in Issue 1. Partially offsetting these decreases are $4.5 million in personnel for new positions added in fiscal 2025 and increased funding related to the 9-8-8 line. The fiscal 2025 allowance includes an increase of $6.5 million in the 9-8-8 Trust Fund to meet the $12 million mandated by Chapter 261 of 2023; the fiscal 2024 budget includes $5.5 million reflecting the mandated level in that year under Chapters 145 and 146 of 2022. In addition, the fiscal 2025 allowance includes $5.6 million in federal funding for 9-8-8 marketing activities and a security audit.

Exhibit 8
Proposed Budget
MDH – Behavioral Health Administration
($ in Thousands)

How Much It Grows:	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
2Fiscal 2023 Actual	$1,063,246	$47,439	$1,564,356	$5,752	$2,680,793
Fiscal 2024 Working Appropriation	1,402,773	45,285	1,924,800	6,233	3,379,090
Fiscal 2025 Allowance	1,438,343	39,754	1,764,024	6,285	3,248,406
Fiscal 2024-2025 Amount Change	$35,570	-$5,531	-$160,776	$52	-$130,684
Fiscal 2024-2025 Percent Change	2.5%	-12.2%	-8.4%	0.8%	-3.9%

Where It Goes:	Change
Personnel Expenses	
Salary and wages for 69.5 new positions	$4,494
Salary increases and associated fringe benefits including fiscal 2024 COLA and increments	1,304
Reclassifications	143
Accrued leave payout	43
Turnover rate increase from 7.97% to 9.10%	-197
Other fringe benefits	-8
Investments in the PBHS Infrastructure and Service Expansion	
Increase for the 9-8-8 Trust Fund from the fiscal 2024 mandate of $5.5 million to $12 million to meet the one-time mandated level established by Chapter 261 of 2023	6,500
Federal funding for 9-8-8 marketing and security audit, supported by Federal Cooperative Agreement for States and Territories to Improve Local 9-8-8 Capacity	5,630
Trauma-informed care training for staff at local behavioral health authorities	3,000

Where It Goes:	**Change**
Assisted Outpatient Treatment programs contingent on enactment of legislation	3,000
Increased funding for the interagency hospital overstays initiative carried out in partnership with the Department of Human Services	1,588
One-time fiscal 2024 investments to expand behavioral health services	-18,300
Provider Reimbursements	
Provider rate increases for fiscal 2025, comprised of 3% increase for fiscal 2025 and the annualization of the 8% rate increase provided January 1, 2024	106,985
Provider reimbursements reflecting decreased Medicaid enrollment and utilization in fiscal 2025	-205,776
Federal Grants	
Federal funding for the new State Pilot Grant Program for Treatment for Pregnant and Postpartum Women	1,125
Federal funding for program with UMBC to identify youth at clinical high risk of psychosis	1,115
End of two-year Substance Abuse Prevention and Treatment block grant expiring September 2024	-3,175
Expiration of stimulus funding for various behavioral health and COVID-19 prevention and response programs	-13,132
Year two of the State Opioid Response Grant III to community-based organizations had not been awarded by the time of the fiscal 2025 budget submission; MDH expects federal funding to support these grants during fiscal 2025 by budget amendment	-23,614
Other Changes	
End of fiscal 2024 funding for the PTSD and TBI Alternative Therapies Fund	-1,000
Realigning estimated online gambling revenue for the Maryland Center of Excellence on Problem Gambling following an over estimation in the fiscal 2024 budget	-1,183
Decrease in 22 contractual FTE positions primarily due to contractual conversions	-1,361
Fiscal 2025 reduction contingent on legislation authorizing the transfer of excess balances from the Health Professional Boards and Commissions	-3,014
Other changes	5,150
Total	**-$130,684**

COLA: cost-of-living adjustment
FTE: full-time equivalent
MDH: Maryland Department of Health
PBHS: Public Behavioral Health System
PTSD: Post-Traumatic Stress Disorder
TBI: Traumatic Brain Injury
UMBC: University of Maryland Baltimore County

Note: Numbers may not sum to total due to rounding. The fiscal 2024 working appropriation includes deficiencies. The fiscal 2024 impacts of statewide salary adjustments appear in the Statewide Account in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency's budget. The fiscal 2025 impacts of the fiscal 2024 statewide salary adjustments appear in this agency's budget. The fiscal 2025 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency's budget.

Governor's Budget Plan Utilizes Special Funds in Lieu of General Funds

The fiscal 2025 Budget Bill includes language authorizing the transfer of special funds to BHA from other areas of MDH, allowing for general fund savings in BHA.

Senior Prescription Drug Assistance Program Funding Supports the Fiscal 2025 Allowance

MCPA manages the Senior Prescription Drug Assistance Program (SPDAP) to provide Medicare Part D premium assistance to subsidize prescription medication expenses for Medicare-eligible residents who are enrolled in certain Medicare Part D Prescription Drug Plans. The funding is available as the program has experienced declining enrollment, causing a lower need for premium subsidy payouts and third-party administrator fees. The fiscal 2025 allowance for BHA includes $5 million from the SPDAP special fund to provide behavioral health services to people without medical insurance. Because this is not an allowable expense in fiscal 2025 under statute, BHA will have a general fund deficit of $5 million for this purpose unless legislation authorizes the use of these funds for behavioral health purposes. **BHA should discuss how these funds will be used to support behavioral health services in fiscal 2025. To allow use of these funds under BHA, DLS recommends adding a provision to the BRFA of 2024 to authorize the use of the SPDAP balance for behavioral health services in fiscal 2025. DLS also recommends language making the $5.0 million budgeted for this purpose in fiscal 2025 contingent on the BRFA including a provision authorizing the use of these funds.**

Contingent Reduction

The fiscal 2025 allowance includes language that would reduce $3 million in general funds from Community Services contingent on legislation that would authorize the transfer of excess special fund balance of $1,648,669 from the State Board of Examiners of Professional Counselors, $776,646 from the State Board of Occupational Therapy Practice, and $588,771 from the State Board of Examiners of Psychologists. A provision authorizing the transfer of these funds to BHA is included in the BRFA. The fiscal 2025 budget does not reflect the special funds that would be available to BHA if the provision is enacted. DLS notes that these funds could be added by budget amendment in fiscal 2025. **BHA should discuss the planned use of these balances in BHA and when it anticipates the funds would be added to the budget of BHA.**

Assisted Outpatient Treatment Programs

HB 576 and SB 453 of 2024, departmental bills, would require the establishment of Assisted Outpatient Treatment (AOT) programs in each local jurisdiction at the start of fiscal 2026. Specifically, the legislation would require local behavioral health authorities to convene a care coordination team to develop treatment plans for individuals court-ordered to adhere to mental health treatment. These are individuals who have not adhered to mental health treatment in the past and are determined unlikely to voluntarily adhere to treatment plans in the future. The treatment plans may consist of several types of services, dependent on the individuals' needs.

The fiscal 2025 allowance for BHA contains $3 million that is contingent on legislation establishing county grants for AOT programs. Although the language in the budget bill specifies that the funds are contingent on the establishment of county grants, the legislation as introduced does not establish county grants for the program. **DLS recommends amending the contingent language by removing the reference to county grants.**

Administering such a program would require hiring and organizing a care coordination team; coordination with the court system issuing the orders; overseeing program participation; development of individual treatment plans for each program participant; and collecting, analyzing, and reporting data as required by the legislation. The fiscal note for the bill notes that the Maryland Association of County Health Officers estimates that for a medium-sized county, it would cost $250,000 annually to operate an AOT program, while for a larger county, it would cost between $3 million and $5 million annually. However, many of the services provided by an AOT program are billable services for which a county can receive reimbursement under Medicaid. MDH indicates that the $3 million in the allowance is for startup costs prior to the program start day of July 1, 2025, and that the department would leverage other funding sources, including federal funding, to supplement revenue for the program in out-years. However, it remains unclear how the funds will be allocated to the local jurisdictions. **MDH should describe the specific uses of the $3 million, indicating to which jurisdictions funding will be directed and in what amounts it will be distributed across the State. MDH should also discuss the specific other fund sources that may be available to supplement this funding and the anticipated costs to the State for the program in fiscal 2026.**

Behavioral Health Provider Reimbursements

As noted previously, most of the BHA budget pays for provider reimbursements for behavioral health services. The fiscal 2025 allowance includes $2.8 billion for this purpose. Reimbursements for services utilized by people who are uninsured are included in the Community Services (M00L01.02) budget, and reimbursements for non-Medicaid services for individuals who are Medicaid-eligible are included in the Community Services for Medicaid State Fund Recipients (M00L01.03) budget. The BHA budget also includes costs for provider rate increases, which total $107 million in fiscal 2025. This amount includes a 3% discretionary increase for providers for behavioral health services. In addition, the fiscal 2025 allowance accounts for the annualization of the 8% rate increase that began January 1, 2024, representing an acceleration of previously mandated rate increases for fiscal 2025 and 2026 to better align with the timing of minimum wage increases under Chapter 2.

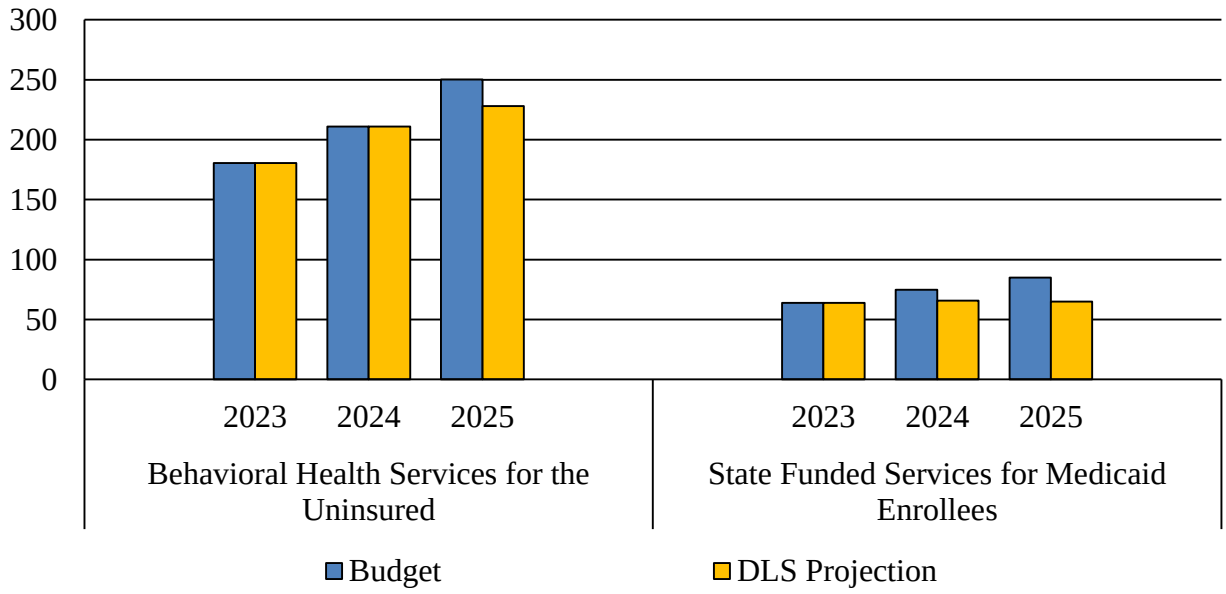
DLS conducts annual forecasts to assess the adequacy of funding included in BHA and in MCPA. The forecast includes utilization and enrollment data and projections along with known provider rate increases. Further discussion of the enrollment forecast for the Medicaid-eligible population is included in the M00Q01 – MDH – MCPA analysis. Across all provider reimbursement programs in fiscal 2024 and 2025 combined, DLS forecasts approximately $46 million in surplus. **Exhibit 9** compares the DLS projection and the amount budgeted in the programs where DLS anticipates surpluses, as outlined below.

- For the Community Services program (M00L01.02), the fiscal 2024 working appropriation is consistent with the DLS forecast. However, the fiscal 2025 allowance provides $22 million above the amount of the DLS estimate of funding needed to serve this population.

- For Community Services for Medicaid State Fund Recipients (M00L01.03), DLS estimates that the fiscal 2024 working appropriation includes $9 million more than is necessary to cover fiscal 2024 costs. In addition, DLS forecasts a surplus of approximately $20 million compared to the fiscal 2025 allowance. The DLS forecast reflects the expectation of declining Medicaid enrollment due to the unwinding.

- Under Medicaid Behavioral Health Provider Reimbursements (M00Q01.10), DLS anticipates a surplus of approximately $22 million in general funds in the fiscal 2024 working appropriation. However, DLS anticipates a shortfall in the fiscal 2025 allowance of approximately $27 million.

Exhibit 9
Surpluses in Behavioral Health Community Services Programs
Fiscal 2023-2025
($ in Millions)



DLS: Department of Legislative Services

Source: Maryland Department of Health; Department of Legislative Services

Despite forecasting surpluses in some BHA programs, DLS is not including a recommendation to reduce funding because these surpluses could be used to reduce the shortfall in MCPA, discussed in the M00Q01 – MDH – MCPA analysis.

The fiscal 2025 shortfall in Medicaid is driven by changes among certain categories of spending. Among this group is utilization under the institutions for mental diseases (IMD) service category, which has experienced significant growth in fiscal 2023 and 2024 year to date. Effective January 1, 2022, the State's Section 1115 waiver was renewed for five years and allowed for the expansion of existing and addition of new programs under Medicaid. One such program expansion was for IMD Services for Adults with SMI. During the former HealthChoice waiver period, MDH could not claim federal matching funds for any services provided by IMDs to individuals between 22 to 64 years old. However, the Centers for Medicare and Medicaid Services allowed an exception to this rule to provide SUD treatment in nonpublic IMDs for individuals ages 21 through 64 with a primary SUD diagnosis and secondary mental health diagnosis. This exception is retained under the new waiver renewal, and the federal match is extended to IMD services for adults ages 22 to 64 with an SMI. Because the waiver renewal was approved, IMDs can be reimbursed for these costs through Medicaid. Other factors that may be impacting IMD usage are related to changes to the IMD waiver that included an option to reenter the facility more than the prior limit of twice per year.

Personnel Data

	FY 23 Actual	FY 24 Working	FY 25 Allowance	FY 24-25 Change
Regular Positions	132.80	145.30	214.80	69.50
Contractual FTEs	50.83	51.84	29.89	-21.95
Total Personnel	**183.63**	**197.14**	**244.69**	**47.55**

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	13.54	9.10%
Positions and Percentage Vacant as of 12/31/23	39.00	26.84%
Vacancies Above Turnover	26.54	

- As of December 31, 2023, BHA had 39 vacancies, which appear to include 19 new positions aligned with contractual conversions approved by BPW on October 25, 2023. MDH has indicated that most of the contractual full-time equivalent (FTE) positions were filled at the time of conversion. The remaining 20 vacancies exceeds the number of positions that would be needed to meet the budgeted turnover in fiscal 2025 by 7.54 positions. Of these vacancies, 9 have been vacant for more than one year. As of January 15, 2023, BHA continued to recruit a chief financial officer. **BHA should comment on efforts to fill and, as applicable, reclassify long-term vacancies.**

- In fiscal 2025, BHA adds 69.5 new positions, including 20 positions created in fiscal 2024 by contractual conversion authorized by BPW on October 25, 2023. More than half of these positions are administrative roles in the Office of the Deputy Secretary and Community Services. The contractual conversions account for most of the decrease in contractual FTEs shown in fiscal 2025. **MDH should discuss the planned uses of these new positions.**

Issues

1. BHA Investments

The fiscal 2024 and 2025 budgets include significant investments to strengthen PBHS, mainly through the expansion of existing services, with particular focus on the crisis response system and inpatient bed capacity for individuals with acute behavioral health needs. The fiscal 2024 appropriation includes $107.5 million for behavioral health investments, comprised of $70 million appropriated in the fiscal 2024 budget for new investment, $2.5 million allocated by Supplemental Budget No. 2 for fiscal 2024 for a similar purpose, and $35 million for behavioral health crisis response services.

As noted in the Fiscal 2023 section of this analysis, MDH reverted $35 million in fiscal 2023, which was originally intended to fund reimbursements for providers delivering crisis services. In fiscal 2024, funding for this purpose was budgeted separately from provider reimbursements but will be used for this purpose once the necessary regulations to qualify the two services (Mobile Crisis Teams and Crisis Stabilization Centers) under Medicaid are complete. Until regulations are approved and licensure is complete, MDH has been using this funding to provide one-time grants to providers offering this service. As of February 15, 2024, MDH reports that the licensure and Medicaid regulations for the crisis services were published by the Division of State Documents on February 9, 2023, and were under public comment. **MDH should provide an estimated date of when providers will be able to start billing for this service.**

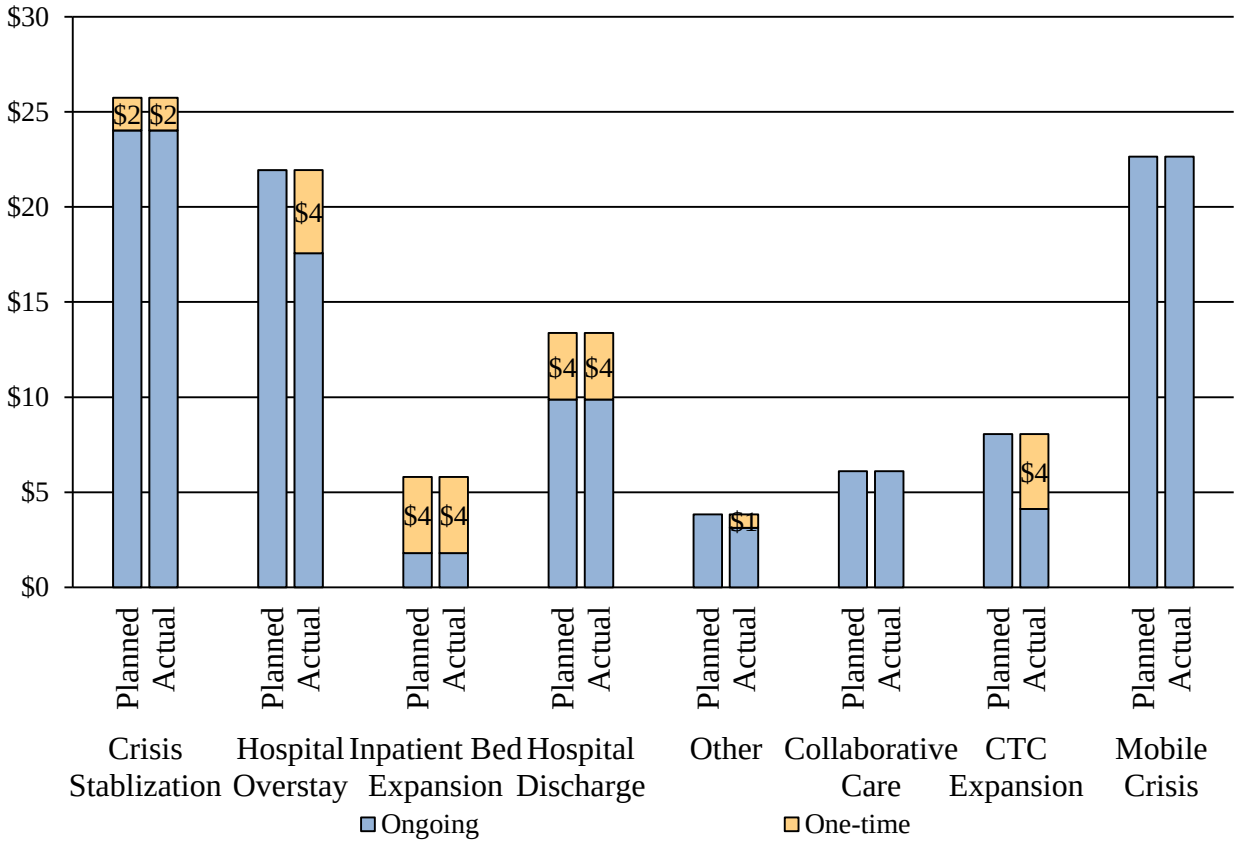
On June 28, 2023, BHA submitted a report in response to language in the fiscal 2024 Budget Bill restricting funds pending submission of a report on the planned uses of the fiscal 2024 behavioral health investments. The report outlined BHA's funding priorities and indicated which of the investments were one-time in fiscal 2024 or ongoing initiatives launched or expanded in fiscal 2024. Due to various factors, including change in demand and realignment of priorities, some of the planned expenditures changed during fiscal 2024. As shown in **Exhibit 10**, BHA planned to spend approximately 9% of the funding ($9.2 million) on one-time services in fiscal 2024 but instead anticipates spending $18.2 million on one-time initiatives and $89.2 million in efforts that will continue in out-years. One-time investments in fiscal 2024 include $8 million for infrastructure upgrades at the Whitsitt Center and the Carter Center to increase inpatient bed space and provide more space for hospital discharge. The increase in one-time costs is due to BHA adjusting three investments from ongoing to one-time for the following reasons:

- $4,364,000 for high-intensity residential treatment services to reduce the hospital overstays list because MDH plans to complete a rate-setting study for community-based behavioral health services that may impact the cost of services beginning in fiscal 2025;

- $3,936,065 for Care Traffic Control because the Bed Registry and Referral System will serve the purpose of part of this initiative in out-years to connect individuals to care; and

- $699,935 expended for Trauma, Addictions, Mental Health, and Recovery Program one-time because of lack of demand for expansion in other jurisdictions (included in the Other category in Exhibit 10).

Exhibit 10
Planned and Current Expenditures on Behavioral Health Investments
Fiscal 2024
($ in Millions)



Total Appropriation = $107.5 Million

CTC: Care Traffic Control

Note: The Other category includes Expansion of Trauma, Addictions, Mental Health, and Recovery Program; 23 Behavioral Health Administration Expansion staff; and 3 forensic evaluators.

Source: Maryland Department of Health; Department of Legislative Services

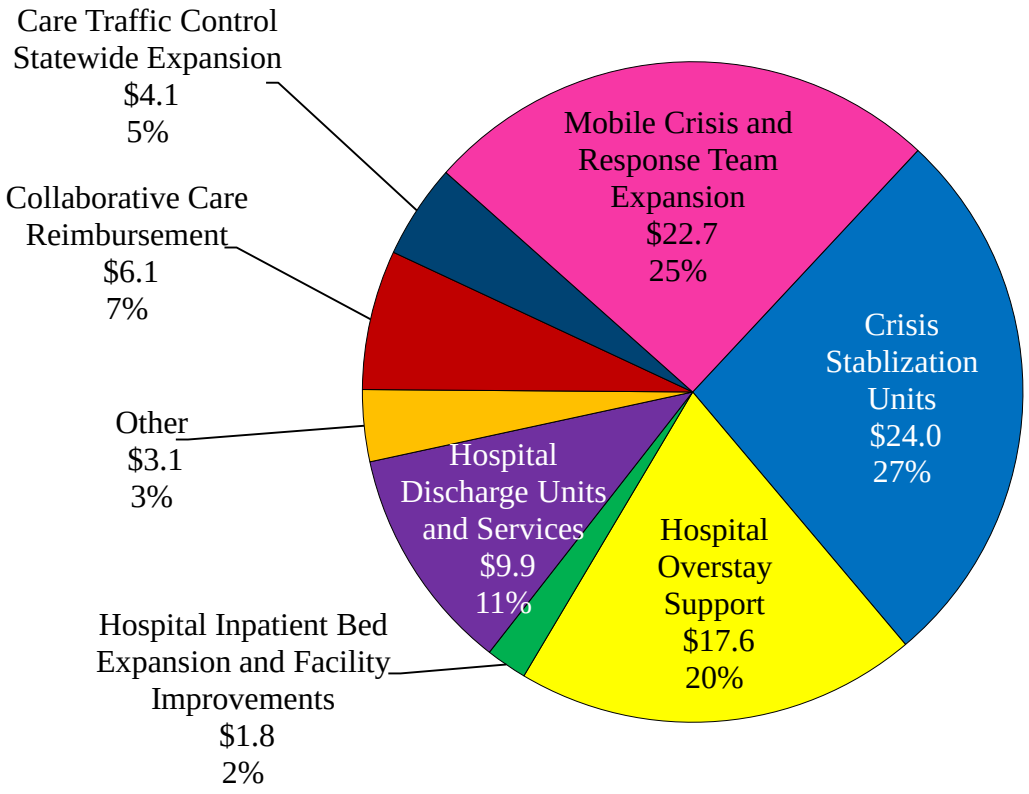
The fiscal 2025 allowance includes $89.2 million for ongoing investment. MDH reported progress on initiatives started during fiscal 2024 that will continue into fiscal 2025, primarily related to addressing hospital overstays. As of February 15, 2024, MDH invested in the following initiatives that will continue in fiscal 2025:

- additional specialty care beds for 11 children or adolescents and 6 adults;
- expansion of 80 assisted living slots;
- additional 40 community Residential Rehabilitation Program (RRP) beds and 5 RRP technical assistance staff; and
- additional 75 permanent supportive housing slots for individuals discharging from State hospitals and RRPs.

MDH should explain the cost of these investments thus far and how the costs align with projected costs presented in the report submitted in July 2023.

As shown in **Exhibit 11**, more than half of the investments in fiscal 2025 are allocated to crisis response and stabilization. More than $17.5 million is allocated to address hospital overstays, and $9.9 million supports hospital discharge and timely placements in appropriate housing or facilities. The funding will provide additional bed spots for people on the overstay list and fund coordinating and supportive services related to placement. Nearly $9.9 million is budgeted for additional assisted living units and RRP beds in addition to staffing and operational costs related to RRP placement.

Exhibit 11
Ongoing Investments in Behavioral Health
Fiscal 2025
($ in Millions)



Note: Other category includes 23 Behavioral Health Administration Expansion Staff; and 3 Forensic Evaluators.

Source: Maryland Department of Health; Department of Legislative Services

Focus on Crisis Response and Inpatient Care

According to the response submitted in July 2023 on the BHA spending plan, BHA investments in crisis services will include support for 17 existing mobile crisis response teams and the addition of 28 new mobile crisis response teams across the State. The fiscal 2025 allowance level-funds mobile crisis teams and crisis stabilization services at $35 million. However, to date, the program has experienced challenges in original planned uses, as previously noted. Mobile crisis response teams are also eligible for an enhanced federal medical assistance percentage of 85% for the first 12 fiscal quarters of the five-year period ending March 31, 2027, authorized under § 9813 of the American Rescue Plan Act. **MDH should comment on what portion of the $35 million investment in crisis services is allocated for grants and which portion will be used for provider reimbursement in fiscal 2024.**

Commission on Behavioral Health Care Treatment and Access Examines Maryland's PBHS to Guide Future Policy Priorities and Investment

As BHA continues to establish its investment areas, it is also staffing and participating in the Commission on Behavioral Health Care Treatment and Access to determine how best to prioritize financial investments and other resources in the behavioral health system. The commission was required by Chapter 291 of 2023 and established in the first quarter of fiscal 2024. The commission is required to conduct a needs assessment of various elements of PBHS and develop recommendations to improve the system's infrastructure and delivery of services. The commission is comprised of representatives from multiple State agencies, the legislature, nonprofit organizations, and community service providers. Members collaborate in workgroups to conduct needs assessments in their respective areas, including analyzing current infrastructure, examining current methods and approaches to reach State behavioral health goals, and developing recommendations for systemic changes. The four workgroups are:

- Geriatric Behavioral Health;
- Youth Behavioral Health, Individuals with Developmental Disabilities, and Individuals with Complex Behavioral Health Needs;
- Criminal Justice-Involved Behavioral Health; and
- Behavioral Health Workforce Development, Infrastructure, Coordination, and Financing.

The commission met twice between November 2023 and January 2024, and workgroups met independently between full commission meetings to review reports and recommendations germane to their subject areas. The commission is ongoing and must submit an annual report December of each year. In its 2023 report, the commission presented gaps in service using several different data measures. Members examined morbidity and mortality data, adult and child PBHS utilization, and current funding within the context of the behavioral health continuum of care, which guides BHA's programmatic strategy and policy priorities. The commission also identified areas requiring further examination and research, including behavioral health workforce needs, increasing utilization of referral services such as 2-1-1, and harm reduction strategies. Key findings from the report include:

- outpatient services are the most commonly used mental health and SUD service among adults;
- psychiatric rehabilitation and support services are most utilized among children and youth;
- children and youth tend to have limited access to intensive community-based services; and
- regional disparities exist across the State with regard to service availability.

Part of the commission's work is to examine funding for programs in relation to the continuum of care. **Exhibit 12** provides information on investments by area as they relate to the continuum. Most of the fiscal 2025 funding for behavioral health investments is directed toward inpatient treatment and urgent services for individuals with acute needs. Recent assessments by MDH found that compared to privately insured individuals, Medicaid beneficiaries are four times as likely to receive inpatient treatment and more likely to report needing services that they were unable to access. Moreover, the costs for inpatient and urgent care are more expensive compared to early intervention programs, and costs are rising. MDH has reported increased costs for lower levels of usage of inpatient care between fiscal 2018 to 2022, due mainly to higher costs of care per person because of higher levels of needs and specialized services. It follows that MDH will direct significant investment to higher expenditures, but there may be long-term savings by investing in preventive care and early intervention services. **MDH should comment on the commission activities that will examine the adequacy of funding for and cost-effectiveness of supporting prevention and early intervention efforts.**

Exhibit 12
Investments Across the Behavioral Health Continuum of Care
Fiscal 2025
($ in Millions)

Prevention/Promotion	Primary BH/Early Intervention	Urgent/Acute Care	Treatment/Recovery
	Collaborative Care Benefit: $6.1	Inpatient Expansion: $1.8	Hospital Overstay: $17.6
	Care Traffic Control Platform: $4.1	Mobile Crisis and Crisis Stabilization: $46.7	Hospital Discharge: $9.9
		Forensic Evaluators: $0.4	
$0	**$10**	**$49**	**$28**
Data			
BHA Expansion Staff: $2.7			

BH: behavioral health
BHA: Behavioral Health Administration

Source: Maryland Department of Health; Department of Legislative Services

2. ASO Update

Background

On July 24, 2019, BPW approved a contract for United Behavioral Health Services (Optum) to serve as the BHA ASO to process and pay provider claims beginning January 1, 2020, through calendar 2024, with a two-year renewal option to extend the contract through calendar 2026. The contract included a four-month implementation period. The four-month transition period under the contract proved to be too short, as Optum was unable to meet the January 1 go-live date. Shortly after the new ASO contract began, providers started to report substantial difficulties. Many providers were unable to register with Optum. Those that were able to register had difficulty submitting claims or had claims wrongfully rejected. Those who received reimbursements noted inconsistencies. For example, claims paid were for the incorrect amount or without an explanation of benefits.

The lack of and inconsistency of payments created significant concerns for providers who need to pay staff and rent to continue providing services in Maryland. To fill the gap, between January 23, 2020, and August 3, 2020, MDH processed payments to providers based on average weekly payments in calendar 2019. During this 30-week period, MDH reported that it made $1.04 billion in estimated payments to providers. Service interruptions caused by the COVID-19 pandemic further complicated the situation because estimated payments based on pre-COVID-19 utilization were higher than services provided, as most of the estimated payments occurred during early stages of the pandemic. Although at the time the estimated payments did provide some stability in revenues for providers, the estimated payments ultimately need to be matched with actual services provided. Throughout the estimated payments period, providers were still submitting claims for services provided. The department attempted to reconcile the differences between estimated payments and claims submitted to determine the total outstanding balance owed by providers due to overpayments.

In fiscal 2021, MDH estimated the total balance to be recouped at $300 million. MDH initially planned to offer forgiveness to providers owing less than $10,000, excluding "no-offset" providers who failed to secure any approved claims for services during the estimated payment period. This equated to 205 providers being forgiven for approximately $625,000. The fiscal 2023 Budget Bill restricted $11 million to expand the number of providers being forgiven. MDH developed a forgiveness plan to include smaller providers owing less than $25,000. Providers were given the option to pay their debt down to the $25,000 level in order to receive the same forgiveness as those owing less than $25,000. MDH opened collection accounts for some nonrespondent providers. As of September 13, 2022, 1,235 providers had been forgiven debts of up to $25,000, totaling $11,666,279. The remaining 712 providers were offered several repayment options to select from a survey sent July 19, 2022. Providers could repay in full, on a monthly basis, by a reduction ("clipping") of weekly claim amounts by a set percentage, or a combination of the latter two options. MDH placed providers who did not respond to the survey on a clipping repayment option whereby the department would reduce providers' weekly claim amounts by 50% to pay off their overpayment balances.

As of February 15, 2024, the outstanding balance totaled $52.7 million. MDH originally planned to complete the recoupment of provider payments by December 31, 2023, but now anticipates completing the recoupment process by June 30, 2024. Language in the fiscal 2024 Budget Bill restricted funding pending a report on the recoupment of overpayments and forgiveness of overpayments to providers. As of February 15, 2024, MDH had not submitted this report. **To understand the status of the overpayment balance and recoupment, DLS recommends adopting language restricting funds pending submission of the report.**

New ASO

MDH released an RFP on January 10, 2023. The RFP remained open for 98 days and received four responses. Two candidates were disqualified due to not meeting minimum requirements. The MDH Evaluation Committee evaluated the remaining two proposals and unanimously recommended Carelon Behavioral Health, Inc. for the award based on prior experience and qualifications. On February 14, 2024, BPW authorized a new ASO contract with Carelon Behavioral Health, Inc. The contract begins March 1, 2024, and ends December 31, 2029, with one two-year renewal option. The ASO systems are slated to go live January 1, 2025, allowing for a 10-month period for design, development, and implementation (DDI). The contract totals $339.6 million, including $6.8 million for DDI costs. DDI phase costs and operations phase costs will be funded with 90% and 75% federal funds, respectively. The remaining expenditures will be covered with general funds. The fiscal 2024 working appropriation and fiscal 2025 allowance each contain approximately $32.0 million for the ASO contract, with federal funds accounting for approximately 49% of the total funding. The fiscal 2025 allowance does not include costs associated with the new ASO contract, nor the new fund splits due to the timing of the ASO procurement and budget development. MDH acknowledged that the new fund splits will result in general fund savings but noted that savings calculated using the current ASO contract costs will underestimate the actual expenditures incurred once the new ASO contract goes live. The new contract will be more costly than the Optum contract, and MDH will be funding both contracts during the first half of fiscal 2025. MDH reported that it will work with DBM to ensure the fiscal 2024 working appropriation and fiscal 2025 appropriation are adjusted to sufficiently cover expenses related to the new ASO.

Operating Budget Recommended Actions

1. Add the following language to the general fund appropriation:

, provided that $500,000 of this appropriation made for the purpose of administration may not be expended until the Maryland Department of Health submits a report to the budget committees on the recoupment and forgiveness of overpayments to providers. The report shall include:

(1) the status of completion of recoupment as of July 1, 2024, and if not yet completed, the report should include estimated date of completion;

(2) the ending balance as of July 1, 2024, if process not yet completed;

(3) the final amount recouped and forgiven at time of completion; and

(4) a brief explanation of the rationale behind forgiving providers, if provided.

The report shall be submitted by August 1, 2024, and the budget committees shall have 45 days from the date of the receipt of the report to review and comment. Funds restricted pending the receipt of a report may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if the report is not submitted to the budget committees.

Explanation: Untimely and inaccurate provider payments issued by the Administrative Services Organization led to the Maryland Department of Health (MDH) issuing provider reimbursements based on prior year estimates, resulting in the overpayment of some providers. Since fiscal 2021, MDH has been recouping and forgiving overpayments to reduce the balance owed to the State. As of January 2023, the balance was $112 million, and MDH reported that it planned to complete the recoupment and forgiveness process by December 31, 2023. Language in the fiscal 2024 Budget Bill restricted funds pending a report providing an update on the status of recoupment. The report has not yet been submitted, and MDH has indicated recoupment will continue through the end of fiscal 2024. This language restricts funds until MDH submits a report by August 1, 2024, that provides an update on the overpayments and progress toward completing recoupment.

Information Request	**Author**	**Due Date**
Report on provider overpayment recoupment and forgiveness	MDH	August 1, 2024

2. Add the following language to the general fund appropriation:

Further provided that $250,000 of this appropriation made for the purpose of administration may not be expended until the Maryland Department of Health submits three reports to the budget committees on reimbursements to non-Medicaid providers. The reports shall include provider reimbursement spending in M00L01.02 and M00L01.03, separated by service type. The reports should include data through September 1 for the first report, December 31 for the second report, and March 31 for the third report. The data should be provided for fiscal 2024 and the same period for the two prior fiscal years. The first report should also include final fiscal 2024 data by service type separately for M00L01.02 and M00L01.03 along with the data for the prior two fiscal years. The first report shall be submitted by September 30, 2024, the second report by January 20, 2025, and the third report by April 20, 2025, and the budget committees shall have 45 days from the date of the receipt of the third report to review and comment. Funds restricted pending the receipt of a report may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if the report is not submitted to the budget committees.

Explanation: The committees are interested in better understanding the spending on provider reimbursements by service type for spending outside of the Medicaid Behavioral Health Provider Reimbursements program. This language restricts funds pending submission of three reports on non-Medicaid provider reimbursements.

Information Request	**Author**	**Due Date**
Report on non-Medicaid provider reimbursements	Maryland Department of Health	September 30, 2024 January 20, 2025 April 20, 2025

3. Amend the following language to the general fund appropriation:

Further provided that $3,000,000 of this appropriation is contingent upon the enactment of legislation establishing ~~county grants for~~ Assisted Outpatient Treatment programs.

Explanation: This action is a technical amendment to amend the contingent language. SB 453 and HB 576 of 2024 as introduced do not establish county grants for Assisted Outpatient Treatment programs but instead require counties to create these programs.

4. Add the following language:

Further provided that these funds are to be used only for the purposes herein appropriated, and there shall be no transfer to any other program or purpose except that funds may be transferred to programs M00L01.03 Community Services for Medicaid State Fund Recipients, M00Q01.03 Medical Care Provider Reimbursements, or M00Q01.10

Medicaid Behavioral Health Provider Reimbursements. Funds not expended or transferred shall be reverted.

Explanation: This language restricts the entire general fund appropriation for substance use disorder treatment, uninsured treatment, or other community service grants for that purpose or for provider reimbursements in M00L01.03 Community Services for Medicaid State Fund Recipients, M00Q01.03 Medical Care Provider Reimbursements, or M00Q01.10 Medicaid Behavioral Health Provider Reimbursements.

5. Add the following language to the special fund appropriation:

, provided that $5,000,000 of this appropriation is contingent upon the enactment of SB 362 or HB 352 authorizing the use of balance from the Senior Prescription Drug Assistance Program to support behavioral health services for individuals without medical insurance.

Explanation: Funding is available through the Senior Prescription Drug Assistance Program (SPDAP), which provides assistance to subsidize prescription medication expenses for certain Medicare-eligible individuals, because the program has experienced declining enrollment. The fiscal 2025 allowance for the Behavioral Health Administration (BHA) includes $5 million from the SPDAP special fund to provide behavioral health services to people without medical insurance. Because this is not an allowable expense in fiscal 2025 under statute, BHA will have a general fund deficit of $5 million for this purpose unless legislation authorizes the use of these funds for behavioral health purposes. This language makes the funding contingent on the enactment of SB 362 or HB 352 authorizing the use of these funds for this purpose.

6. Add the following language to the general fund appropriation:

, provided that these funds are to be used only for the purposes herein appropriated, and there shall be no transfer to any other program or purpose except that funds may be transferred to programs M00L01.02 Community Services, M00Q01.03 Medical Care Provider Reimbursements, or M00Q01.10 Medicaid Behavioral Health Provider Reimbursements. Funds not expended or transferred shall be reverted.

Explanation: This language restricts the entire general fund appropriation for provider reimbursements in M00L01.03 Community Services for Medicaid State Fund Recipients for that purpose or for transfer to M00L01.02 Community Services, M00Q01.03 Medical Care Provider Reimbursements, or M00Q01.10 Medicaid Behavioral Health Provider Reimbursements.

7. Add the following language to the general fund appropriation:

, provided that these funds are to be used only for the purposes herein appropriated, and there shall be no transfer to any other program or purpose except that funds may be transferred to programs M00L01.02 Community Services, M00L01.03 Community Services for Medicaid State Fund Recipients, or M00Q01.03 Medical Care Provider Reimbursements. Funds not expended or transferred shall be reverted.

Explanation: This language restricts the entire general fund appropriation for provider reimbursements in M00Q01.10 Medicaid Behavioral Health Provider Reimbursements to that purpose or for transfer to M00L01.02 Community Services, M00L01.03 Community Services for Medicaid State Fund Recipients, or M00Q01.03 Medical Care Provider Reimbursements.

8. Add the following language to the general fund appropriation:

, provided that these funds are to be used only for the purposes herein appropriated, and there shall be no transfer to any other program or purpose except that funds may be transferred to programs M00L01.02 Community Services, M00L01.03 Community Services for Medicaid State Fund Recipients, or M00Q01.03 Medical Care Provider Reimbursements. Funds not expended or transferred shall be reverted.

Explanation: This language restricts the entire general fund deficiency appropriation for fiscal 2023 provider reimbursements in M00Q01.10 Medicaid Behavioral Health Provider Reimbursements to that purpose or for transfer to M00L01.02 Community Services, M00L01.03 Community Services for Medicaid State Fund Recipients, or M00Q01.03 Medical Care Provider Reimbursements.

9. Add the following language to the general fund appropriation:

Provided that these funds are to be used only for the purposes herein appropriated, and there shall be no transfer to any other program or purpose except that funds may be transferred to programs M00L01.02 Community Services, M00L01.03 Community Services for Medicaid State Fund Recipients, or M00Q01.03 Medical Care Provider Reimbursements. Funds not expended or transferred shall be reverted.

Explanation: This language restricts the entire general fund deficiency appropriation for fiscal 2024 provider reimbursements in M00Q01.10 Medicaid Behavioral Health Provider Reimbursements for that purpose or for transfer to M00L01.02 Community Services, M00L01.03 Community Services for Medicaid State Fund Recipients, or M00Q01.03 Medical Care Provider Reimbursements.

Budget Reconciliation and Financing Act Recommended Actions

1. Authorize $5.0 million from the Senior Prescription Drug Assistance Program Fund to be used for behavioral health services in fiscal 2025 only.

Appendix 1
2023 *Joint Chairmen's Report* Responses from Agency

The 2023 *Joint Chairmen's Report* (JCR) requested that BHA prepare six reports. Electronic copies of the full JCR responses can be found on the DLS Library website.

- ***Report on Provider Overpayment and Recoupment and Forgiveness:*** MDH was required to submit an update on the provider overpayments issue caused by challenges with the behavioral health ASO. Discussion of the overpayment, recoupment, and forgiveness is included in Issue 2 of this analysis. As of this writing, MDH had not submitted this report.

- ***Statewide Telebehavioral Health Utilization:*** MDH included telebehavioral health utilization data with the submission of 2025 MFR data. Following a sharp increase in utilization from 3.0% in fiscal 2019 to 44.9% in 2020, the percentage of individuals served in outpatient settings receiving telebehavioral health services began decreasing after fiscal 2021 (66.9%) but remained above 50%. Telebehavioral health usage is discussed under the Performance Measures section of this analysis.

- ***Availability of Access to MAT:*** BHA submitted this report December 7, 2023, and funds restricted pending its submission were authorized to be released on January 8, 2024. The report includes data from a study conducted by BHA and UMB exploring the need for and capacity of overdose treatment providers in the State. MDH cited stigma and the social determinants of health, including racial disparities in diagnosis and treatment, as the primary barriers to access MOUD treatment.

- ***Annual Report on Behavioral Health Services for Children:*** MDH had not submitted the December 2022 statutorily required report on behavioral health services among children and young adults at the time of the 2023 session. The report, submitted on September 7, 2023, details behavioral health utilization and costs among children in fiscal 2021. MDH found that, while more children were eligible for behavioral health services in fiscal 2021 compared to prior years, service utilization decreased, and overall expenditures and average costs per person increased. MDH cautioned that much of the data likely does not reflect future trends because of the COVID-19 pandemic's impact on access to care. Funds restricted pending the submission of this report were authorized to be released October 18, 2023.

- ***Non-Medicaid Provider Reimbursement:*** MDH was required to submit three reports with provider reimbursement data by service type for spending outside of the Medicaid Behavioral Health Provider Reimbursements program. As of this writing, MDH had not submitted two of the reports due to date. The third report is due April 20, 2024.

- ***Planned Uses of Funding for Behavioral Health Investments:*** The fiscal 2024 budget included an additional $70 million for investments in behavioral health programs and

services. MDH submitted a report on June 28, 2023, describing the planned uses for this funding and included an additional $37.5 million in other areas of the budget dedicated to improving the public behavioral health system. A majority of the funding will be invested in crisis responses services and systems, and 91% of the expenditures are anticipated to be ongoing costs. Funds restricted pending the submission of this report were authorized to be released on August 8, 2023. These investments are discussed in more detail in Issue 1 of this analysis.

Appendix 2
Bed Registry and Referral System
Major Information Technology Development Project
MDH – BHA

New/Ongoing: Ongoing								
Start Date: September 2021				**Est. Completion Date:** January 15, 2027				
Implementation Strategy: Agile								
($ in Millions)	**Prior Year**	**2024**	**2025**	**2026**	**2027**	**2028**	**Remainder**	**Total**
GF	$3.669	$1.643	$0.632	$0.000	$0.000	$0.000	$0.000	$5.944
Total	**$3.669**	**$1.643**	**$0.632**	**$0.000**	**$0.000**	**$0.000**	**$0.000**	**$5.944**

- ***Project Summary:*** The bed registry and referral system will enable MDH staff to quickly identify available and appropriate spots for patients that need to be connected to behavioral health care services. The system will include an inventory of public and private behavioral health providers in the State offering inpatient, outpatient, and crisis services and a referral system accessible by any health care provider in the State. The system will also integrate with the Care Traffic Control System and be enabled for crisis response reporting and deploying mobile crisis response teams. The fiscal 2025 allowance includes $8,685 for oversight.

- ***Need:*** Chapter 29 of 2021 required MDH to manage a bed registry and referral system to monitor bed capacity and availability at health care providers across the State. MDH lacks a technological system to manage and track bed availability to serve those with urgent behavioral health needs.

- ***Observations and Milestones:*** MDH plans to publish an RFP by the end of fiscal 2025 and is establishing a review committee to assess submissions. The project team is also developing a project governance structure to enable coordination with health care providers, local jurisdictions, and other stakeholders once the project is implemented.

- ***Concerns:*** The Major Information Technology Development Project identified two high-risk factors and four medium-risk factors. High-risk factors for the project are resource availability for technical staff for project implementation and other staff time to review and publish an RFP for vendors. MDH has a goal of publishing the RFP by the end of the calendar year. The second high-risk concern is implementation, which may be delayed dependent on time and capacity of users, including providers and local governments. DLS notes, in addition, that there is significant risk in the cost given that no further funds are planned for this project as shown in the Governor's Budget Books but since the RFP has not yet been released, the actual cost of the system is unknown.

Appendix 3
Object/Fund Difference Report
Maryland Department of Health – Behavioral Health Administration

Object/Fund	FY 23 Actual	FY 24 Working Appropriation	FY 25 Allowance	FY 24 - FY 25 Amount Change	Percent Change
Positions					
01 Regular	132.80	145.30	214.80	69.50	47.8%
02 Contractual	50.83	51.84	29.89	-21.95	-42.3%
Total Positions	**183.63**	**197.14**	**244.69**	**47.55**	**24.1%**
Objects					
01 Salaries and Wages	$ 16,229,297	$ 17,484,105	$ 23,262,286	$ 5,778,181	33.0%
02 Technical and Special Fees	4,344,180	4,076,222	2,715,386	-1,360,836	-33.4%
03 Communication	221,943	112,422	120,575	8,153	7.3%
04 Travel	52,221	65,960	67,989	2,029	3.1%
08 Contractual Services	2,655,745,303	2,916,001,800	3,222,242,784	306,240,984	10.5%
09 Supplies and Materials	5,928	23,736	10,030	-13,706	-57.7%
10 Equipment – Replacement	27,660	0	0	0	0.0%
11 Equipment – Additional	2,155	0	2,155	2,155	N/A
12 Grants, Subsidies, and Contributions	4,098,399	3,028,304	2,932,821	-95,483	-3.2%
13 Fixed Charges	65,742	62,785	66,028	3,243	5.2%
Total Objects	**$ 2,680,792,828**	**$ 2,940,855,334**	**$ 3,251,420,054**	**$ 310,564,720**	**10.6%**
Funds					
01 General Fund	$ 1,063,245,899	$ 1,359,302,116	$ 1,441,356,611	$ 82,054,495	6.0%
03 Special Fund	47,438,861	45,284,982	39,754,470	-5,530,512	-12.2%
05 Federal Fund	1,564,356,420	1,530,035,479	1,764,023,789	233,988,310	15.3%
09 Reimbursable Fund	5,751,648	6,232,757	6,285,184	52,427	0.8%
Total Funds	**$ 2,680,792,828**	**$ 2,940,855,334**	**$ 3,251,420,054**	**$ 310,564,720**	**10.6%**

Note: The fiscal 2024 appropriation does not include deficiencies. The fiscal 2025 allowance does not include contingent reductions or statewide salary adjustments budgeted within the Department of Budget and Management.

Appendix 4
Fiscal Summary
Maryland Department of Health – Behavioral Health Administration

Program/Unit	FY 23 Actual	FY 24 Wrk Approp	FY 25 Allowance	Change	FY 24 - FY 25 % Change
01 Deputy Secretary for Behavioral Health and Disabilities	$ 1,632,310	$ 1,576,835	$ 1,643,559	$ 66,724	4.2%
01 Program Direction	16,742,262	17,705,413	19,369,874	1,664,461	9.4%
02 Community Services	420,298,461	677,474,929	621,572,501	-55,902,428	-8.3%
03 Community Services for Medicaid State Fund Recipients	63,815,227	91,613,989	84,937,967	-6,676,022	-7.3%
10 Medicaid Behavioral Health Provider Reimbursements	2,178,304,568	2,152,484,168	2,523,896,153	371,411,985	17.3%
Total Expenditures	**$ 2,680,792,828**	**$ 2,940,855,334**	**$ 3,251,420,054**	**$ 310,564,720**	**10.6%**
General Fund	$ 1,063,245,899	$ 1,359,302,116	$ 1,441,356,611	$ 82,054,495	6.0%
Special Fund	47,438,861	45,284,982	39,754,470	-5,530,512	-12.2%
Federal Fund	1,564,356,420	1,530,035,479	1,764,023,789	233,988,310	15.3%
Total Appropriations	**$ 2,675,041,180**	**$ 2,934,622,577**	**$ 3,245,134,870**	**$ 310,512,293**	**10.6%**
Reimbursable Fund	$ 5,751,648	$ 6,232,757	$ 6,285,184	$ 52,427	0.8%
Total Funds	**$ 2,680,792,828**	**$ 2,940,855,334**	**$ 3,251,420,054**	**$ 310,564,720**	**10.6%**

Note: The fiscal 2024 appropriation does not include deficiencies. The fiscal 2025 allowance does not include contingent reductions or statewide salary adjustments budgeted within the Department of Budget and Management.