

Department of Legislative Services
Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE

House Bill 849 (Delegate Smigiel, *et al.*)
Health and Government Operations and
Appropriations

Health - Mental Health Services - Funding

This bill requests the Governor to provide sufficient funding for community-based mental health services beginning in fiscal 2016 and continuing annually thereafter.

Fiscal Summary

State Effect: Potentially significant increase in expenditures (all funds) beginning in FY 2016 and annually thereafter. As an appropriation is not mandated, the bill may have no fiscal impact. Revenues are not affected.

Local Effect: None.

Small Business Effect: None.

Analysis

Background: Community-based services are financed through a combination of grants and contracts with vendors and direct fee-for-service reimbursements. The fee-for-service system is operated by an administrative service organization which, under contract to the Behavioral Health Administration, provides access to services, utilization management, and eligibility determination based on medical necessity, claims processing, and evaluation services. Services include inpatient hospital and residential treatment facility stays, outpatient treatment, psychiatric rehabilitation, counseling, and targeted case management. Grants and contracts are administered primarily through local core service agencies.

In its 2014 analysis of the fiscal 2015 Maryland Executive Budget, the Department of Legislative Services (DLS) advises that the budget for community mental health services is essentially balanced. Given the size of the budget, the analysis does not identify any *major* deficiencies. There are, however, several large unknown data points regarding the actual impact of the expansion of Medicaid under the federal Patient Protection and Affordable Care Act and, to a lesser degree, the take-up of insurance options through the exchange among those currently utilizing uninsured services. In theory, many of the individuals currently served in the uninsured program qualify for subsidized insurance through the exchange or for expanded Medicaid. Practically speaking, this is a population that has traditionally been difficult to enroll in Medicaid, let alone the private insurance market. At the very least, the uninsured funding will be needed as a bridge to Medicaid/enrollment in qualified health plans.

State expenditures for community-based mental health services have increased over the past two fiscal years. The Governor's proposed fiscal 2015 State budget includes \$834.8 million for community services. This represents a 10% increase from the fiscal 2014 budget, which provided \$758.6 million for community services.

State Fiscal Effect: Should the Governor determine that current funding levels are insufficient and decide to fulfill this request, expenditures may increase – potentially significantly. Thus, the bill could have an impact on general, special, and federal fund expenditures. However, since there is no definition of “sufficient” and there is no requirement for funding in the bill, the magnitude of impact, and even whether there will be an impact, is unclear. Therefore, DLS is unable to provide a specific fiscal estimate.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - March 3, 2014
mc/ljm

Analysis by: Kathleen P. Kennedy

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