

Department of Legislative Services  
 Maryland General Assembly  
 2020 Session

FISCAL AND POLICY NOTE  
 First Reader

Senate Bill 522  
 Finance

(Senator McCray, *et al.*)

**Behavioral Health Programs - Licensing and Fees**

This bill requires the Behavioral Health Administration (BHA) to collect reasonable fees for the issuance, modification, and renewal of behavioral health program licenses. The term of a license may not exceed three years. Fees must be transferred to a specified account in the Maryland Substance Abuse Fund and used to fund a new Behavioral Health Program Grant Program. Behavioral health program regulations must include the process for a program to apply for license renewal or modification and a specified fee schedule. **The bill takes effect January 1, 2021; it applies only prospectively and may not be applied or interpreted to have any effect on or application to the issuance or renewal of a behavioral health program license that occurred prior to that date.**

**Fiscal Summary**

**State Effect:** General fund expenditures increase by \$68,500 in FY 2021 to oversee collection of licensing fees and administer the grant program. Special fund revenues and expenditures increase by \$541,900 in FY 2021 from licensing fees used to provide grants. Future years reflect annualization and growth in the number of programs.

(in dollars)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
SF Revenue	\$541,900	\$1,008,800	\$1,013,100	\$1,148,800	\$1,284,400
GF Expenditure	\$68,500	\$113,700	\$116,200	\$120,300	\$124,500
SF Expenditure	\$541,900	\$1,008,800	\$1,013,100	\$1,148,800	\$1,284,400
Net Effect	(\$68,500)	(\$113,700)	(\$116,200)	(\$120,300)	(\$124,500)

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

**Local Effect:** Revenues and expenditures increase for local health departments (LHDs) to distribute money from the grant program. For LHDs with a behavioral health program, expenditures increase to pay licensing fees and revenues may increase as a grant recipient.

**Small Business Effect:** Meaningful.

## Analysis

**Bill Summary:** Behavioral health program regulations must include a schedule of fees in which the fee is at least (1) \$1,000 for an initial license; (2) \$750 for a license renewal; and (3) \$250 for a modification to a license. Fees must vary depending on the number of individuals served by the program, with programs that serve more individuals paying a higher fee.

The Behavioral Health Program Grant Program is administered by BHA, with a purpose of awarding grants to enhance such programs. BHA must distribute money from the account established in the Maryland Substance Abuse Fund to LHDs and in an amount proportional to the number of behavioral health programs located in each county.

An LHD that receives funding must distribute the funds by awarding grants to behavioral health programs located in the LHD's county or to nonprofit organizations seeking to enhance a behavioral health program located in the county for the purpose of (1) enhancing safety at a behavioral health program; (2) making improvements to a behavioral health program; or (3) making improvements to the community in which a behavioral health program is located. The Maryland Department of Health must adopt accompanying regulations.

The Maryland Substance Abuse Fund must include a separate account consisting of payments received by BHA from fees collected for licensure, license renewal, and license modification, as well as any other money accepted for the benefit of the account. Disbursements from the account must supplement and may not substitute for any other funds otherwise available to behavioral health programs or LHDs.

**Current Law/Background:** A behavioral health program must be licensed by the Secretary of Health before program services may be provided. However, no license fees are currently charged. Under regulations, BHA requires almost all behavioral health programs to obtain accreditation as a prerequisite to licensure. Accreditation fees vary based on the accrediting organization and the program accredited but are substantial. Accreditation is valid for three years; thus, behavioral health programs must submit verification of renewed accreditation to BHA every three years. BHA currently regulates more than 3,000 behavioral health care programs in the State.

**State Revenues:** Special fund revenues to the Behavioral Health Program Grant Program account in the Maryland Substance Abuse Fund increase by an estimated \$541,875 in fiscal 2021, which reflects the bill's January 1, 2021 effective date. This estimate assumes the current 3,000 behavioral health programs all renew their licenses (approximately one-third annually) and pay at least a \$750 renewal fee when they submit their verification of renewed accreditation to BHA. Future year revenues reflect annualization and growth

in the number of licensed providers (approximately 175 new providers annually, which reflects 25% of the 700 new programs licensed in 2019). It also assumes that 10% of programs will require a modification to their license annually due to moving location or changing or adding a service and, thus, pay at least a \$250 fee. To the extent fees paid by programs are higher than the minimum specified, revenues for distribution as grants are greater.

**State Expenditures:** Special fund expenditures increase commensurate with revenues beginning in fiscal 2021 to provide grants as specified under the bill.

BHA general fund expenditures increase by \$68,530 in fiscal 2021, which accounts for the bill's January 1, 2021 effective date. This estimate reflects the cost of hiring one full-time administrator and one part-time clerk to collect licensing fees and administer the Behavioral Health Program Grant Program. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses. General funds are required as special fund revenues are not explicitly authorized to be used for administration of the grant program.

Positions	1.5
Salaries and Fringe Benefits	\$58,274
Operating Expenses	<u>10,256</u>
<b>Total FY 2021 General Fund Administrative Expenditures</b>	<b>\$68,530</b>

Future year expenditures reflect full salaries with annual increases and employee turnover and ongoing operating expenses.

**Local Revenues:** To the extent a LHD with a behavioral health program is a grant recipient, revenues increase for that program. LHDs must also distribute grants; therefore, revenues for this purpose increase.

**Local Expenditures:** Expenditures increase for LHDs that provide behavioral health services to pay licensing fees. The Maryland Association of County Health Officers (MACHO) advises that requiring LHDs to pay licensing fees likely requires them to either receive additional State grant funding or reduce services. MACHO further advises that, depending on the size of the grants provided to each LHD and current staffing, LHDs may need to hire at least one additional part-time employee to distribute grants within the jurisdiction at a cost of approximately \$40,000 per year.

**Small Business Effect:** To the extent a small business with a behavioral health program receives money from the Behavioral Health Program Grant Program, revenues increase. Conversely, expenditures increase for small business behavioral health programs to pay licensing fees.

**Additional Comments:** MACHO advises that to require LHDs to distribute funds they receive from the Behavioral Health Program Grant Program could create a conflict of interest to the extent they are faced with the option of distributing funds to themselves.

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### **Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** None.

**Information Source(s):** Maryland Association of County Health Officers; Governor's Office; Maryland Department of Health; Department of Legislative Services

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