SB 988

Department of Legislative Services

Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 988 (Senator Lam)
Finance

Maryland Medical Assistance Program - Self-Directed Mental Health Services - Pilot Program

This bill establishes a Self-Directed Mental Health Services Pilot Program in the Maryland Department of Health (MDH) to facilitate access to clinically appropriate, person-centered, culturally responsive, and trauma-informed "self-directed services" in the most integrated setting appropriate to an individual's needs. The pilot program must enroll 100 individuals, as specified, and be operational for a three-year period. The bill specifies the services that must be provided, training requirements, and data collection and reporting requirements. For fiscal 2026 through 2028, the Governor must include in the annual budget bill an appropriation of $1.0 million for the pilot program. MDH must apply to the federal Centers for Medicare and Medicaid Services (CMS) for any waiver or amendment necessary to implement the pilot program. By November 1, 2028, MDH must report on its findings and recommendations from the pilot program. **The bill terminates June 30, 2029.**

Fiscal Summary

State Effect: MDH expenditures increase by as much as $307,200 (50% general funds, 50% federal funds) in FY 2025 for staff to establish the waiver, by $2.0 million in FY 2026 through 2028 to reflect ongoing staff costs and provision of waiver services (and the bill's mandated appropriation), and by as much as $192,900 in FY 2029 for ongoing staff to close out the waiver and produce the final report. Federal fund revenues increase accordingly. **This bill establishes a mandated appropriation for FY 2026 through 2028.**

(in dollars)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
FF Revenue	$153,600	$1,000,000	$1,000,000	$1,000,000	$96,500
GF/FF Exp.	$307,200	$2,000,000	$2,000,000	$2,000,000	$192,900
Net Effect	($153,600)	($1,000,000)	($1,000,000)	($1,000,000)	($96,500)

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

Local Effect: None.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: "Self-directed services" means services (1) over which participants or their representatives have decision making authority; (2) for which participants or their representatives take direct responsibility for management with the assistance of available supports chosen by the participant or the participant's representative; and (3) that are provided in a manner that furthers the right of individuals to make choices about and direct all aspects of their lives and recognizes that all individuals have the capacity to make choices and may be supported in making choices when given adequate support.

Pilot Program Enrollment

MDH must identify 100 adults to participate in the pilot program who are Medicaid participants and whose behavioral health needs indicate that the individual may benefit from receiving self-directed services. MDH must give priority to participants (1) who have been excluded from or unsuccessful in Assertive Community Treatment or other services offered in the public behavioral health system; (2) with multiple disabilities; (3) with severe mental illness with trauma-related disorders; (4) whose cultural needs are unserved in the public behavioral health system; or (5) at risk for institutionalization.

Pilot Program Services

MDH must provide to a pilot program participant:

- individual-directed goods and services in an amount based on the availability of funds and the recipient's needs as calculated on an annual basis, and included in the recipient's person-centered plan of services, as specified;
- a support broker to help the participant create a person-centered plan; identify and obtain goods, services, and supports; and obtain payment for goods, services, and supports;
- support broker services authorized by the State and selected by the participant;
- a budget for self-directed services that provides the participant with the ability to use funds from the participant's approved annual budget to fund all services needed to create, manage, and implement a participant's person-centered plan; and
- fiscal intermediary and administrative support.

MDH may not determine how a participant's budget is used with respect to goods and services that are related to the person-centered plan and necessary for the health and safety of the participant. MDH may not require a participant to demonstrate competency or compliance with mental health treatment to be eligible to receive or to continue receiving self-directed services.

Training Materials and Coordinators of Community Services

MDH, in consultation with stakeholders, must establish and provide training materials to core service agencies and community providers specifically addressing the self-directed services model of services, including eligibility criteria for self-directed services, referral procedures, policies, and resources.

As part of the process of developing a person-centered plan of service for a participant, a coordinator of community services must educate the participant on all models of service available to the participant to assist the participant in making an informed choice on which services the participant would like to receive. This must happen when the participant begins receiving services from a coordinator of community services and then at least once each year that the participant is receiving services from a coordinator of community services. Each coordinator of community services must report to MDH that the coordinator provided information on self-directed services, traditional services, and provider-managed services to an individual.

Data Collection and Assessment of Pilot Program

MDH must (1) collect outcomes and utilization data on pilot program participants; (2) assess the efficacy of self-directed services relative to traditional services using a matched pairs analysis; (3) assess the cost of expanding self-directed services to all individuals eligible for services through Medicaid; and (4) identify the feasibility of obtaining a Medicaid waiver to support further implementation of self-directed mental health services in the State.

Current Law: The Developmental Disabilities Administration (DDA) provides self-directed services through the Family Supports, Community Supports, and Community Pathways waivers. A participant in self-directed DDA services works with a coordinator of community services to identify needs and preferences and identify an allocated budget amount. A participant develops a self-directed budget for services authorized in their person-centered plan. Participants then select staff or vendors and arrange for services and supports as authorized in the person-centered plan.

State Fiscal Effect: Assuming a waiver is obtained and a 50% federal match is provided, the required $1.0 million in general funds for fiscal 2026 through 2028 draws down another $1.0 million in federal funds. Thus, $2.0 million in total funding is assumed to be available for the pilot program from fiscal 2026 through 2028. However, the pilot program must first be developed, the waiver obtained, and participants identified in fiscal 2025 so that implementation can begin on July 1, 2025.

Personnel

Additional personnel are necessary to establish, implement, and evaluate the pilot program. Based on the model used by DDA for self-directed services, five positions are needed to oversee the day-to-day operations of the waiver. These functions include statewide oversight of fiscal intermediary services contracts, addressing customer and provider service issues, conducting training, providing guidance on services, administering the eligibility determination process, ensuring case management is provided effectively for all participants, and creating, reviewing, and updating person-centered plans for each pilot program participant. One health policy analyst is also needed to apply to CMS for any waiver or amendment necessary to implement the pilot program; oversee the collection of data; assess the cost of expanding self-directed services; identify the feasibility of obtaining a Medicaid waiver to support further implementation of self-directed mental health services; and write the final report.

Thus, MDH expenditures increase by as much as $307,175 in fiscal 2025 for staff to establish and implement the waiver by July 1, 2025. This estimate reflects the cost of hiring six contractual positions: one health policy analyst; two lead administrative officers; one program administrator; one case manager; and one person-centered planner/coordinator. It assumes all contractual positions are filled on October 1, 2024, to ensure timely implementation; to the extent hiring for a couple of the positions can be delayed slightly, costs are reduced minimally. The estimate includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Contractual Positions	6.0
Salaries and Fringe Benefits	$263,639
One-time Start-up Expenses	38,676
Ongoing Operating Expenses	4,860
Total FY 2025 State Expenditures	**$307,175**

Future year expenditures reflect full salaries with annual increases and employee turnover as well as annual increases in ongoing operating expenses and assume termination of all contractual positions on December 31, 2028, six months after the June 30, 2028 end of the three-year pilot program and one month after the deadline for submission of the final report. If some contractual positions are terminated sooner, costs are slightly lower in fiscal 2029.

This estimate does not include any health insurance costs that could be incurred for specified contractual employees under the State's implementation of the federal Patient Protection and Affordable Care Act.

Data Collection and Assessment of Pilot Program

The bill requires MDH to collect outcomes and utilization data and assess the efficacy of the self-directed services relative to traditional services using a matched pairs analysis. Capturing pilot program outcomes and conducting the efficacy study is estimated to cost $150,000 annually for the three years of the pilot program. Thus, MDH expenditures (50% general funds, 50% federal funds) increase by $150,000 in fiscal 2026, 2027, and 2028.

Fiscal Intermediary Services

The bill requires MDH to provide participants with fiscal intermediary services. Thus, each pilot program participant will require a Financial Management Contract Services (FMCS) fiscal intermediary. FMCS ensure that goods and services are located, accessed, paid for, and the participant's budgeted dollars are managed. The monthly costs per participant are estimated at $280 ($3,360 per participant per year). MDH advises that this rate increases by approximately 4% annually to reflect provider rate increases. Thus, MDH expenditures (50% general funds, 50% federal funds) increase by $336,000 in fiscal 2026, $349,440 in fiscal 2027, and $363,418 in fiscal 2028.

Pilot Program Participant Self-directed Budgets

Under the bill, MDH must provide a pilot program participant with individual-directed goods and services in an amount based on the availability of funds and the recipient's needs as calculated on an annual basis. After accounting for the fixed costs necessary to implement and administer the pilot program, remaining funding is available annually for participants to use for their self-directed budgets. This analysis assumes that MDH expenditures increase by $1.2 million in fiscal 2026 and $1.1 million in fiscal 2027 and 2028 for participant services under the bill. This equates to between $11,168 and $11,743 per participant per year for services.

MDH notes that this amount is substantially less than the per person cost for individuals enrolled in the DDA self-directed services waivers (which is approximately $175,000 annually). Furthermore, the bill requires the provision of two services that are not part of DDA self-directed services: tenancy-sustaining supports, including rental assistance; and peer respite.

Maryland does not currently have any peer respite providers or a rate for the service but estimates the cost to be an average of $225 per day. Maryland does not currently cover rental assistance. Some states provide one-time-only rental assistance as either (1) first month's rent and security deposit or (2) six months of rental assistance following discharge from an inpatient stay for mental health treatment for individuals who otherwise

would be imminently homeless. Costs differ by region for efficiency and one-bedroom apartments, with an average cost in rural areas of $631 a month, $984 a month in suburban areas, and an average of $1,479 a month in metropolitan areas. CMS approval would be required to secure a federal match for these expenditures. Should these services be selected by a participant, the cost would be covered by their annual budget for self-directed services.

Small Business Effect: Small business providers serving individuals under the pilot program receive additional reimbursement for services.

Additional Comments: MDH advises that fee-for-service claims can be submitted for up to 12 months following the date of service; therefore, a full set of data on utilization and outcomes for the pilot program will not be fully available by November 1, 2028. Thus, the November 1, 2028 deadline for the final report on the pilot program will not allow sufficient time to provide a full evaluation of all three years of the pilot program (assumed in this analysis to end June 30, 2028).

Additional Information

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

Designated Cross File: None.

Information Source(s): Department of Budget and Management; Maryland Department of Health; Department of Legislative Services

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km/ljm

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