



February 25, 2026

The Honorable Heather Bagnall
Chair, House Health Committee
240 Taylor House Office Building
Annapolis, Maryland 21401

Re: HB 772 - Workgroup on Behavioral Health Rate Methodology Modernization – Establishment – Letter of Information

Dear Chair Bagnall and Committee Members,

The Maryland Health Care Commission (MHCC) respectfully submits this letter of information on *HB 772 - Workgroup on Behavioral Health Rate Methodology Modernization – Establishment*. This bill requires MHCC to establish the Workgroup on Behavioral Health Rate Methodology Modernization in Maryland. The workgroup will develop transparent, cost-based reimbursement methodologies for certified community behavioral health clinics and outpatient mental health centers. This work will use federally required and existing cost-study data as the foundation for future rate reform.

The Maryland Department of Health (MDH), through the Behavioral Health Administration (BHA), is currently updating and redeveloping the reimbursement rate methodology for behavioral health services. This initiative follows the Heroin and Opioid Prevention Effort and Treatment (HOPE) Act of 2017 (HB1329/SB 967; Chapters 571 and 572), which required MDH to conduct an independent, cost-driven rate-setting study. The legislation mandated a rate analysis and an impact study based on the actual costs of providing community-based behavioral health services.

In response, the BHA established the Behavioral Health System of Care Optimization and Integration Workgroup, alongside a dedicated stakeholder discussion group. The Workgroup determined that there should be a two-prong approach in developing a new rate methodology and through Medicaid a contract was awarded to Myers and Stauffer after a competitive bid to create a cost report to capture behavioral health costs by providers. Once the cost report template is finalized, providers will be required to complete the reports. Under phase two, Myers and Stauffer will conduct a review to verify that costs are in accordance with Maryland and CMS regulations. This information will be collected into a database to be used for future rate study analysis.

Additionally, HB 772 would require using the federally mandated certified community behavioral health clinic cost study as the baseline dataset for evaluating outpatient mental health service costs in the State.

It is our understanding that the Maryland Department of Health (MDH) is required to complete a study on Certified Community Behavioral Health Clinics (CCBHCs) by May 1, 2026, as outlined in the 2025 JCR, p. 172. This study must include the following elements:

- Implementation Costs
- Payment Methodologies
- A Cost-Benefit Analysis

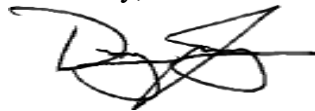
The cost-benefit analysis will evaluate the CCBHC model by focusing on potential cost savings related to emergency department visits and avoidable hospital utilization, as well as improved health outcomes for participants.

We believe that the work currently being performed by the Maryland Department of Health (MDH) should continue as planned, particularly as the Joint Chairmen’s Report (JCR) is due this May.

While well-intentioned, HB 772 appears to be duplicative of the rate reimbursement methodology work already being undertaken by MDH. We suggest reviewing the JCR and the results of the cost report before proceeding further with this legislation.

The MHCC is willing to work with the sponsor to come up with a process to address the concerns in this bill. If you have any questions, please do not hesitate to contact me at 410-764-3566 or douglas.jacobs@maryland.gov or Ms. Tracey DeShields, Director of Policy Development and External Affairs, at tracey.deshields2@maryland.gov.

Sincerely,



Douglas Jacobs, MD, MPH
Executive Director

cc: The Honorable Emily Shetty, Delegate, House of Delegates, Appropriation Committee

