



## DEPARTMENT OF HEALTH

Wes Moore, Governor · Aruna Miller, Lt. Governor · Meena Seshamani, M.D., Ph.D., Secretary

February 25, 2026

The Honorable Heather Bagnall  
Chair, House Health Committee  
241 Taylor House Office Building  
Annapolis, MD 21401

### **RE: House Bill 772 – Workgroup on Behavioral Health Rate Methodology Modernization – Establishment – Letter of Opposition**

Dear Chair Bagnall and Committee Members:

The Maryland Department of Health (the Department) respectfully submits this letter of opposition for House Bill (HB) 772 – Workgroup on Behavioral Health Rate Methodology Modernization – Establishment.

The Department notes the creation of the Workgroup on Behavioral Health Rate Methodology Modernization within the Maryland Health Care Commission is duplicative of existing efforts already underway and will pose an additional administrative burden. Under the Heroin and Opioid Prevention Effort and Treatment (HOPE) Act of 2017 (HB1329/SB 967; Chapters 571 and 572 of the Acts of 2017), the Department is required to:

1. Conduct an independent cost-driven, rate-setting study to set community provider rates for community-based behavioral health services that includes a rate analysis and an impact study that considers the actual costs of providing community-based behavioral health services
2. Develop and implement a payment system incorporating the findings of the rate-setting study, including projected costs of implementation and recommendations to address any potential shortfall in funding; and
3. Consult with stakeholders, including community providers and individuals receiving services, in conducting the rate-setting study and developing the payment system.

The Behavioral Health Administration (BHA) convened the Behavioral Health System of Care Optimization and Integration Workgroup (the Workgroup) and corollary stakeholder discussion groups. As a result, the Workgroup determined that a two-phased process was needed to conduct the study and a Request for Proposal for a contractor to perform the study. A contract for the rate-setting work, to be monitored by Maryland Medicaid, was approved by the Board of Public Works on June 5, 2024 to Myers and Stauffer, LC for a one-year term, with two, one-year renewal options.

As part of the contract, in Phase One, Myers and Stauffer will design and develop cost report templates to capture the cost of Behavioral Health Services, by provider type, on a rolling basis, beginning in March 2026 and continuing through March 2027. These cost reports will be developed with the input from Departmental personnel as well as external stakeholders. Stakeholders will be provided with a draft of the cost report template and given an opportunity to provide comments in a virtual meeting. Using provider payment data provided by BHA, Myers and Stauffer will select a

statistically valid sample of providers that will be required to complete the cost report template. The sample size for each provider type will consider the number of providers, the payments of the sample providers relative to the total payments for the provider type, and geographical representation for counties in Maryland.

Once the cost report template is final and the provider samples have been selected, Myers and Stauffer will conduct provider training to ensure timely and accurate completion of cost reports. In Phase Two, beginning June 2026 and continuing through June 2027, Myers and Stauffer will collect cost reports on a rolling basis from providers by an agreed upon due date and will perform a desk review of the completed cost reports. The desk review will verify the reported costs have been incurred and are allowable per Maryland and CMS regulations. Once all desk reviews for a provider type are complete, the cost report data will be collected in a database that can be used for future rate study activities.

The Workgroup established by HB 772 would be required to “develop one or more cost-based, rate-setting methodologies applicable to both certified community behavioral health clinics and outpatient mental health centers.” This language appears to limit the Department to reimbursing outpatient mental health centers based on one of four federally mandated prospective payment rates (PPS) (daily or monthly cost-based rates) as those are the only rate setting methodologies by which the state may reimburse certified community behavioral health centers.

### **Certified Community Behavioral Health Clinics (CCBHCs)**

As with rate setting, some of the tasks of HB 772 related to CCBHCs are duplicative to efforts already underway at the Department, such as tasks required by the CCBHC Planning Grant. The Department is required to complete a study on CCBHCs by May 1, 2026 (2025 JCR p. 172, Study on Cost Savings Associated with Certified Community Behavioral Health Clinics). The study must include, among other elements:

- Anticipated implementation costs to participate in the demonstration program and a description of the methodology used to estimate these costs;
- Potential payment for services, including prospective payment methodologies;
- A cost benefit analysis of the CCBHC model that includes potential cost savings related to emergency department visits and potentially avoidable hospital utilization, as well as improved health outcomes for CCBHC participants.

The federal statute requires states to select from one of four prospective payment rates (PPS) (daily or monthly cost-based rates). With support of stakeholders, the Department selected PPS-1. PPS-1 is a daily rate for all CCBHC costs, and was chosen and supported by stakeholders because it is the most direct payment method. Most states participating in the Demonstration use PPS-1.

Due to the ongoing efforts already underway that would be duplicated by HB 772, the Department respectfully opposes this bill. If you would like to discuss this further, please do not hesitate to contact Meghan Lynch, Director of Governmental Affairs at [Meghan.Lynch@maryland.gov](mailto:Meghan.Lynch@maryland.gov).

Sincerely,



Meena Seshamani, M.D., Ph.D  
Secretary of Health