

House Bill 772 – Workgroup on Behavioral Health Rate Methodology Modernization – Establishment

POSITION: Favorable

February 25, 2026

House Health Committee

The University of Maryland Medical System (“UMMS”) strongly supports House Bill 772 – Workgroup on Behavioral Health Rate Methodology Modernization – Establishment.

House Bill 772 (“HB 772”) would establish a Workgroup on Behavioral Health Rate Methodology Modernization to develop transparent, cost-based reimbursement methodologies for certified community behavioral health clinics and outpatient mental health centers. The workgroup would be composed of legislators, state executive branch officials, and providers, and be tasked with analyzing cost drivers and rate systems in other states and propose one or more methodologies that comply with federal Medicaid rules. The Workgroup must report interim findings by December 1, 2026, and final recommendations, including any recommended statutory or regulatory changes, to the Governor and General Assembly by October 1, 2027.

House Bill 772 would modernize and strengthen Maryland’s behavioral health reimbursement framework to better align payment rates with the actual cost of providing care. The legislation seeks to address longstanding disparities in how behavioral health services are reimbursed compared to other medical specialties and aims to promote network adequacy and access to care. By updating reimbursement methodologies and improving parity in coverage, the bill will work to ensure that behavioral health providers can sustainably deliver high-quality inpatient and outpatient services.

Simply put, behavioral health providers in Maryland are not compensated in line with other medical specialties, and this adversely impacts access to care. Behavioral health clinicians are reimbursed approximately 23 percent less than clinicians performing similar services in other areas of medicine.¹ This persistent disparity undermines the sustainability of behavioral health programs and makes it more difficult to recruit and retain qualified clinicians. Without equitable reimbursement, health systems face structural challenges in maintaining the services Marylanders depend on.

Disparities in reimbursement are a contributing factor in the ongoing behavioral health workforce shortage. An estimated 32,000 additional workers are needed by 2028 to meet

¹ Mark, T. L., & Parish, W. J. (2024). Behavioral health parity – Pervasive disparities in access to in-network care continue. RTI International. (Available at <https://www.rti.org/publication/behavioral-health-parity-pervasive-disparities-access-network-care-continue>).

projected behavioral health demand in the State, and according to a recent report by the Maryland Health Care Commission, inadequate compensation is a significant factor.² Ensuring appropriate reimbursement is a critical step toward building a stable workforce capable of addressing the growing prevalence of anxiety, depression, substance use disorders, and other acute behavioral health conditions across the state.

One concern raised by opponents to rate reform is that overall health care costs will increase, UMMS does not believe this will be the case. Outpatient and inpatient behavioral health services delivered in certified community behavioral health clinics and outpatient mental health centers are significantly less expensive than care delivered in emergency departments or acute care hospitals. For example, in FY25, outpatient care at the Klein Family Center at the University of Maryland Upper Chesapeake Health was \$222 per outpatient visit and \$779 per day for residential treatment. In contrast, the average emergency department visit costs \$1,190, and an acute care inpatient admission averages \$20,095 per stay. Investing in sustainable reimbursement for community-based behavioral health services reduces overall system costs, decreases avoidable emergency department utilization, and prevents unnecessary hospitalizations.

The Klein Family Center as a Case Study

The Klein Family Center serves as a core component of the regional behavioral health system, consistently demonstrating strong outcomes, expanded access to care, reduced emergency department utilization, fewer avoidable inpatient admissions, and measurable clinical improvements for individuals experiencing behavioral health crises. Klein provides essential services to residents of Harford County and to patients from Cecil and Baltimore Counties, serving Medicaid, Medicare, and commercially insured individuals, with policies ensuring treatment regardless of ability to pay. Despite its critical role, Klein's current reimbursement model results in persistent annual operating losses estimated between \$2 million and \$3 million. Internal financial analyses have found that Medicare and Medicaid reimbursement rates do not cover the cost of residential care, creating a structural shortfall.

For these reasons, the University of Maryland Medical System supports HB 772, and respectfully requests a *favorable* report on the bill.

For more information, please contact:

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² Investing in Maryland's Future: A needs assessment to inform the design of the Behavioral Health Workforce Investment Fund established by the Maryland legislature through Senate Bill 283, Maryland Health Care Commission (2024), Available at https://marylandmatters.org/wp-content/uploads/2024/11/Full-Report_Maryland-BH-Workforce-Assessment-Final-Oct-2024.pdf.