

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE
Revised

House Bill 1356 (Chairman, Environmental Matters Committee)
(Departmental - Health and Mental Hygiene)
Environmental Matters

Mental Hygiene Facilities

This departmental bill authorizes the Department of Health and Mental Hygiene (DHMH) to retain fees collected from core service agencies (CSA) for inpatient services at State psychiatric hospitals. The fees collected by DHMH must be used for hospital operations.

Fiscal Summary

State Effect: No effect on revenues and expenditures in initial years. Potential indeterminate decrease in State psychiatric hospital general funds revenues and expenditures in future years.

Local Effect: Local jurisdiction revenues and expenditures could increase by an indeterminate but significant amount.

Small Business Effect: The Department of Health and Mental Hygiene has determined that this bill has minimal or no economic impact on small business (attached). Fiscal Services concurs with this assessment.

Fiscal Analysis

Background: A CSA is a designated county or multi-county authority that is responsible for planning, managing, and monitoring publicly funded mental health services within the community. Chapter 178 of the Acts of 1991 allows local jurisdictions to apply to MHA to establish CSAs. The intent of the CSA legislation is to decentralize governance of mental health services from MHA to CSAs and to develop and expand the array of services available in local areas to more effectively address the individual needs of those with psychiatric disabilities.

CSAs are responsible for either contracting with and disbursing funds to providers of mental health services, or providing services directly. CSAs are authorized to screen individuals before admission to psychiatric hospitals to determine whether a less restrictive alternative is feasible. DHMH is authorized to establish a funding mechanism for CSAs which may include allocation of funds for inpatient services. A total of 18 CSAs are anticipated, since some of the less populated jurisdictions will share a CSA. To date, 12 CSAs have been established.

State Expenditures: MHA plans a pilot program to begin in fiscal 1997 in which three CSAs will participate; one for each of the three regional State psychiatric hospitals (Spring Grove, Crownsville, and Springfield). A portion of the current hospital budget will be redirected to the participating CSAs, which will then use those funds to either purchase hospital inpatient services or place individuals in less restrictive community settings. For example, as a hospital downsizes and needs less funding to support operations, 10% of its appropriation might be allocated to a CSA for purchase of hospital services. The more efficiently a CSA uses its funding allocation to prevent unnecessary hospitalization, the more funding it has available to establish mental health services in the community that can further prevent future inpatient services and allow individuals to be treated in less restrictive settings. Therefore, State psychiatric hospitals should be able to further downsize, close, or consolidate, allowing an indeterminate decrease in hospital expenditures in future years.

State Revenues: The bill would allow MHA to retain the CSA fees for inpatient services in the hospital appropriations. Under current law, all money collected by DHMH must be paid into the State general fund unless otherwise provided by law. Therefore, overall general fund revenues will not be affected; they will accrue to MHA rather than the State general fund. In future years, however, revenues could decrease by an indeterminate amount to the extent that CSA's are able to divert hospitalizations and treat individuals in the community.

Local Expenditures: Local jurisdiction revenues and expenditures could increase by an equal amount. CSAs can function as a unit of local government, but are also authorized to be established as a quasi-public entity or a private nonprofit corporation.

Information Source(s): Department of Health and Mental Hygiene (Mental Hygiene Administration), Department of Fiscal Services

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Analysis by: Sue Friedlander
Reviewed by: John Rixey

Direct Inquiries to:
John Rixey, Coordinating Analyst
(410) 841-3710
(301) 858-3710