

Department of Legislative Services
 Maryland General Assembly
 2002 Session

FISCAL NOTE

House Bill 862 (Delegate McHale, *et al.*)
 Environmental Matters

Medical Assistance - Hospitals - Off-Site Community-Based Mental Health Services

This bill requires the Department of Health and Mental Hygiene (DHMH) to adopt regulations for the reimbursement of outpatient mental health services provided at an off-site, community-based mental health center by a hospital.

The bill takes effect June 1, 2002.

Fiscal Summary

State Effect: DHMH expenditures could increase by \$2.08 million (\$1.25 million general funds, \$838,500 federal funds) in FY 2003. Future year estimates reflect medical care inflation. No effect on revenues.

(\$ in millions)	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	1.25	1.33	1.43	1.53	1.63
FF Expenditure	.84	.90	.96	1.03	1.10
Net Effect	(\$2.08)	(\$2.23)	(\$2.39)	(\$2.55)	(\$2.73)

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

Local Effect: None.

Small Business Effect: Meaningful. To the extent off-site clinics qualify as small businesses, DHMH reimbursements for services could increase.

Analysis

Bill Summary: The reimbursement rate must be set according to Medicare standards and principles. The reimbursement rate for a hospital providing mental health care services at an off-site, community-based mental health center before January 1, 1997 must be set according to the rates established by the Health Services Cost Review Commission (HSCRC) if the off-site facility is surveyed as part of the hospital for purposes of accreditation by the Joint Commission on the Accreditation of Healthcare Organizations (JCAHO) and the hospital notifies the HSCRC by July 1, 2002 that it would like the services provided at the off-site facility.

Current Law: DHMH reimburses hospitals at the rate set by the HSCRC. DHMH reimburses off-site facilities at a rate determined by DHMH.

State Fiscal Effect: DHMH expenditures could increase by an estimated \$2,083,603 (\$1,245,067 general funds, \$838,536 federal funds) in fiscal 2003, which assumes new rates would be set by July 1, 2002. This estimate is based on the following facts and assumptions:

- only the Carruthers off-site clinic at Walter P. Carter Center would qualify for a revised rate calculated by the HSCRC;
- the Mental Hygiene Administration (MHA) pays for 32,269 services at Carruthers annually;
- the average MHA payment per service at Carruthers is \$50.69; and
- the average MHA payment per service at HSCRC-set rates would be \$115.26.

Future year estimates reflect 7% medical care inflation and assume the number of services provided remains constant. Revenues would not be affected.

Additional Information

Prior Introductions: None.

Cross File: SB 612 (Senators Della and Bromwell) - Finance.

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

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