

# Department of Legislative Services

Maryland General Assembly

2002 Session

## FISCAL NOTE

Senate Bill 289

(Senator Hoffman, *et al.*)

Finance

Environmental Matters

### Community Services Reimbursement Rate Commission - Termination Date Extension and Modifications

This bill, among other things, extends the Community Services Reimbursement Rate Commission's termination date from September 30, 2002 to September 30, 2005.

The bill takes effect July 1, 2002.

## Fiscal Summary

**State Effect:** General fund expenditures would increase by \$102,300 in FY 2003, which accounts for the current termination date. The proposed FY 2003 budget for the commission includes \$47,600 in general funds for the first three months of FY 2003. Future years reflect annualization, growth, and the September 30, 2005 effective date.

(in dollars)	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
GF Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	102,300	151,500	153,000	38,600	0
Net Effect	(\$102,300)	(\$151,500)	(\$153,000)	(\$38,600)	\$0

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

**Local Effect:** None.

**Small Business Effect:** None.

## Analysis

**Bill Summary:** The bill expands the commission's duties in four areas, as follows:

- requires the commission to develop methodologies for calculating rate update factors for rates paid by the Developmental Disabilities Administration (DDA) and the Mental Hygiene Administration (MHA) and recommend annual rate update factors;
- requires the commission to use data from DDA's annual cost reports to develop relative performance measures of providers;
- requires the commission to work with MHA to expand billing data collected by a third-party administrator for the public mental health system to evaluate provider performance; and
- requires the commission to evaluate proposed regulatory changes by the Department of Health and Mental Hygiene (DHMH), DDA, and MHA that affect rates paid or the rate structure. DDA and MHA must respond to the commission's recommendations in writing within 30 days after the commission issues its report to the Governor, DHMH's Secretary, and the General Assembly.

The Governor may, with the Senate's consent, appoint up to three commissioners who were members as of January 1, 2002 to serve a third consecutive term beginning October 1, 2002.

**Current Law:** The Community Services Reimbursement Rate Commission was created in 1996 as an independent unit within DHMH. The commission is charged with assessing the extent and amount of uncompensated care delivered by a community-based agency funded by DDA or MHA. It also must assess the relationship of changes in wages paid by providers to changes in rates paid by DHMH and the ability of providers to supply effective and efficient services in the public interest while remaining solvent. The commission assesses the incentives and disincentives in MHA and DDA rate setting methodologies and alternative methodologies. It also assesses measures of quality and how incentives to provide quality care can be built into a rate setting methodology. By October 1 of each year, the commission must issue a report to the Governor, the Secretary of DHMH, and the General Assembly on its findings.

The Governor, with the advice and consent of the Senate, appoints the commission's seven members to three-year terms. A member who serves two consecutive terms may not be reappointed for three years after completion of those terms. Commission members do not receive compensation but are reimbursed for travel expenses.

**Background:** The commission formed two advisory groups to provide advice on technical issues, the Developmental Disabilities Administration Technical Advisory Group and the Mental Hygiene Administration Technical Advisory Group.

**State Fiscal Effect:** General fund expenditures could increase by \$102,314 in fiscal 2003. The proposed fiscal 2003 budget for the commission includes \$47,638 in general funds for the commission, which is based on the commission expiring September 30, 2002. This estimate reflects the cost of continuing a contract with a private vendor that studies reimbursement rates paid to providers (\$146,100), travel expenses for commission members (\$2,380), and meeting expenses (\$1,472).

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** HB 454 (Delegate Pitkin, *et al.*) – Environmental Matters.

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

**Fiscal Note History:** First Reader - February 6, 2002  
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