

Department of Legislative Services  
Maryland General Assembly  
2004 Session

FISCAL AND POLICY NOTE  
Revised

House Bill 1452 (Delegate Carter, *et al.*)

Health and Government Operations

Finance

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Mental Hygiene Administration - Study of the Maryland Public Mental Health System

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This bill requires the Maryland Advisory Council on Mental Hygiene to: (1) conduct a needs assessment of the public mental health system services and structure; (2) break down the needs assessment by demographic group; (3) identify current and potential system resources; (4) determine service accessibility through community-based centers; (5) study whether uninsured individuals in need of mental health services are obtaining those services; (6) assess whether co-occurring disorders are being properly diagnosed and appropriate services are being coordinated; and (7) evaluate whether acute care and long-term care needs are being met by the public mental health system.

The advisory council must issue a report on its findings and recommendations by September 30, 2005 to the Governor and various legislative committees. The bill terminates September 30, 2005.

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**Fiscal Summary**

**State Effect:** The bill's requirements could be handled with existing budgeted resources.

**Local Effect:** None.

**Small Business Effect:** None.

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## Analysis

**Current Law/Background:** The Maryland Advisory Council on Mental Hygiene meets monthly with Mental Hygiene Administration (MHA) staff to identify, discuss, and resolve issues and concerns related to the public mental health system. Groups represented on the council include advocates, consumers, providers, family members, and governmental entities.

MHA is responsible for the treatment and rehabilitation of the mentally ill. MHA's headquarters coordinates mental health services throughout the State according to the populations served, whether in an institutional or community setting. Core Service Agencies (CSAs) work with MHA, through signed agreements, to coordinate and deliver mental health services in the counties. There are currently 20 CSAs, some organized as part of local health departments, some as nonprofit agencies, and one as a multicounty enterprise.

The State-run psychiatric facilities include eight hospitals and three residential treatment centers – Regional Institutions for Children and Adolescents (RICAs), plus the Maryland Psychiatric Research Center (MPRC), which operates on the grounds of Spring Grove Hospital Center under contract with the University of Maryland, Baltimore School of Medicine.

The State established a program of mandatory managed care for Medicaid recipients beginning in 1998. While primary mental health services stayed within the managed care structure, specialty mental health services to Medicaid enrollees were carved out and funded through the public mental health system. Specialty mental health services are defined as meeting certain medical necessity criteria utilizing accepted diagnostic tools.

The carved-out system is overseen by MHA, although it contracts with an Administrative Services Organization (ASO), Maryland Health Partners (MHP), to administer the system. Services are also available to non-Medicaid clients. Prior to fiscal 2003, eligibility for non-Medicaid clients was up to 300% of the federal poverty level (FPL), with services provided on a sliding-fee scale. Since fiscal 2003, eligibility for new clients has been limited to 116% of FPL. Prior to fiscal 2003, all services administered through ASO were done through a fee-for-service system (although some grants were awarded in the transition from the previous system to the new fee-for-service structure). Beginning in fiscal 2003, in response to budget bill language, a number of services for the non-Medicaid population were switched back to grants and contracts in an effort to control costs. In fiscal 2004, MHA returned those services to the fee-for-service system.

In addition to those services administered by ASO, MHA provides grant funds for other services (often delivered through CSAs) that are not considered appropriate for delivery through the fee-for-service system (such as crisis services, a suicide hotline, drop-in centers) as well as a capitation project in Baltimore City.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - March 19, 2004  
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