

**Department of Legislative Services**  
Maryland General Assembly  
2004 Session

**FISCAL AND POLICY NOTE**  
**Revised**

Senate Bill 756

(Senator Middleton, *et al.*)

Finance

Health and Government Operations

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**Maryland Medical Assistance Program - Carve-Out of Specialty Mental Health Services**

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This bill provides that, without the legislative approval of the General Assembly: (1) the Secretary of Health and Mental Hygiene may not end the exclusion of specialty mental health services from the Medicaid HealthChoice managed care program; and (2) the Department of Health and Mental Hygiene (DHMH) may not contract with a behavioral managed care organization to provide specialty mental health services.

The bill takes effect June 1, 2004.

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**Fiscal Summary**

**State Effect:** None. The bill codifies existing practice/procedure.

**Local Effect:** None.

**Small Business Effect:** None.

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**Analysis**

**Current Law:** DHMH administers the Medicaid program. Medicaid managed care organizations (MCOs) may provide primary mental health services, but DHMH must establish a separate, or carved-out, delivery system for specialty mental health services for MCO enrollees. The Mental Hygiene Administration (MHA) within DHMH administers the specialty mental health services provided to MCO enrollees.

**Background:** When DHMH implemented Medicaid managed care in 1998, primary mental health services were provided by the managed care structure; however, specialty mental health services were carved out and funded through the public mental health system. Specialty mental health services are defined as meeting certain medical necessity criteria using accepted diagnostic tools.

The carved-out system is overseen by MHA, although it contracts with an administrative services organization, Maryland Health Partners, to administer the system.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** HB 943 (Delegate Hurson) – Health and Government Operations.

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

**Fiscal Note History:** First Reader - March 1, 2004  
mh/jr Revised - Senate Third Reader - April 7, 2004

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Analysis by: Susan D. John

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510