

Department of Legislative Services
Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE

House Bill 1178 (Delegates Rosenberg and Hubbard)
Health and Government Operations

Mental Hygiene Administration - Community-Based Services Fund - Scope

This bill specifies that the Community-Based Services Fund must receive any funds resulting from the sale of a Mental Hygiene Administration (MHA) facility resulting from consolidation or closure.

The bill takes effect July 1, 2004.

Fiscal Summary

State Effect: In the event of the sale of an MHA facility, Community-Based Services Fund revenues and expenditures could both increase by a significant amount.

Local Effect: None.

Small Business Effect: Potential meaningful. To the extent small businesses provide community-based services, their revenues could increase.

Analysis

Bill Summary: If any MHA facility is downsized, consolidated, or closed, all State property associated with the facility that is not transferred to another governmental entity must be sold at fair market value, and the net proceeds of the sale must be deposited into the MHA Community-Based Services Fund.

If an MHA facility is downsized, consolidated, or closed, the Community-Based Services Fund must be used to increase the availability of: (1) community mental health services designed to promote recovery and community integration, including development of the

Maryland Mental Health Crisis Response System; and (2) affordable housing and employment opportunities for individuals with mental illness. Funds in the Mental Hygiene Community-Based Services Fund must be spent in accordance with a plan developed by MHA in consultation with consumers, family members, providers, and mental health advocates.

The bill is to be construed to apply only prospectively and may not be applied or interpreted to have any effect on or application to any closure, consolidation, or downsizing of an MHA facility before the bill's effective date.

Current Law: The Community Services Trust Fund was established by Chapters 675 and 646 of 1996. All proceeds from the sale or lease of a Developmental Disabilities Administration (DDA) or MHA facility must be deposited in the trust fund. The Comptroller is to transfer into the Waiting List Equity Fund and the Mental Hygiene Community-Based Services Fund the investment earnings of the Community Services Trust Fund, in accordance with an appropriation in the annual State budget. At the end of calendar 2003, the trust fund contained about \$10 million from the sales of former DDA and MHA facilities.

The Comptroller is required to transfer investment earnings that accrue in the DDA account into the Waiting List Equity Fund and investment earnings that accrue in the MHA account into the Mental Hygiene Community-Based Services Fund.

The Mental Hygiene Community-Based Services Fund ensures that funds realized from the downsizing of MHA facilities are used to provide community-based services. In determining actual savings resulting from downsizing to be placed in this fund, the cost of providing services to an individual in a facility must be calculated by dividing the facility's appropriation by the daily average census reported in the facility's annual operating budget for the last full year the individual was served in the facility, prorated over the number of months the individual is served in the community.

If a facility is downsized such that the net resident population declines, general funds may be appropriated as necessary to assist in the downsizing and any funds in the Community-Based Services Fund must be used to meet the needs of individuals leaving facilities to enter community-based services, and individuals who are identified but not yet provided with community-based services.

Chapter 371 of 2002 established the Maryland Mental Health Crisis Response System, which, subject to the receipt of federal funding or funding from any other private or public source, operates a statewide network using existing resources and coordinating interjurisdictional services to develop efficient and effective crisis response systems to serve all individuals in the State, 24 hours a day and seven days a week. The State may

not spend more than \$250,000 in general funds each fiscal year to implement the response system. The system has not been fully implemented.

Background: Recently, DHMH has considered closing a State mental health facility due to low utilization of inpatient mental health services. Over the past 21 years, utilization has decreased from 4,390 beds to 1,204 in the State's various psychiatric facilities. In 2003, DHMH explored the feasibility of closing one of three facilities: Crownsville, Spring Grove, or Springfield, and has decided to close Crownsville Hospital Center, located in Anne Arundel County, by June 30, 2004. The Governor's proposed fiscal 2005 budget assumes the hospital's closure, along with the resulting \$12 million savings. About \$5 million of this savings would be redirected toward community-based treatment programs.

Some local residents are concerned about a proposed sale of the 630-acre property and the potential for unwanted development of the hospital campus. In 2002, the Board of Public Works approved the transfer of about 560 acres of the campus to the Environmental Trust, a State government-funded nonprofit agency. The Environmental Trust has considered giving the land to Anne Arundel County, but has yet to do so.

State Fiscal Effect: In the event of a facility sale, Community-Based Services Fund revenues and expenditures would both increase by a significant amount. Since the Crownsville hospital is slated to shut down by June, 30, 2004, the bill would not apply to the sale of Crownsville facilities or grounds.

At this time, there are no immediate plans to close other MHA facilities.

Additional Information

Prior Introductions: None.

Cross File: SB 706 (Senator Kelley, *et al.*) – Finance.

Information Source(s): Department of Legislative Services

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