

---

By: **Delegates Gaines, Benson, Bohanan, Bromwell, Costa, Eckardt, Frank, Hammen, Haynes, Healey, Hubbard, Jones, Kullen, Madaleno, F. Turner, and V. Turner V. Turner, Goldwater, Barve, Donoghue, Elliott, Kohl, Mandel, Morhaim, Murray, Nathan-Pulliam, Oaks, Pendergrass, Rudolph, and Weldon**

Introduced and read first time: February 8, 2006  
Assigned to: Appropriations  
Re-referred to: Health and Government Operations and Appropriations, February 17, 2006

---

Committee Report: Favorable with amendments  
House action: Adopted  
Read second time: April 4, 2006

---

CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Department of Health and Mental Hygiene - Developmental Disabilities and**  
3 **Mental Health Services - Cost-of-Living Adjustment**

4 FOR the purpose of requiring that, subject to a certain limitation, in certain fiscal  
5 years the fees paid by the Department of Health and Mental Hygiene to a  
6 community developmental disabilities services provider or a community mental  
7 health services provider for providing certain services be adjusted annually by a  
8 certain rate of change as recommended by the Community Services  
9 Reimbursement Rate Commission; requiring that certain adjustments be made  
10 to meet the needs of certain individuals; prohibiting the annual rate of change  
11 from exceeding a certain maximum rate; defining certain terms; and generally  
12 relating to the Department of Health and Mental Hygiene and fees paid to  
13 community developmental disabilities and mental health services providers.

14 BY adding to  
15 Article - Health - General  
16 Section 16-201.2  
17 Annotated Code of Maryland  
18 (2005 Replacement Volume and 2005 Supplement)

Preamble

1  
2 WHEREAS, Annual cost-of-living adjustments to reimbursement rates paid for  
3 community-based developmental disability and mental health services are necessary  
4 for quality care; and

5 WHEREAS, Annual cost-of-living adjustments have not been a routine part of  
6 rate-setting for community mental health services or community developmental  
7 disability services; and

8 WHEREAS, The last inflationary increase in rates for community  
9 developmental disability services was fiscal 2002 and, until the fiscal 2007 budget  
10 allowance, the last inflationary rate increase for community mental health services  
11 was prior to the implementation of the Medicaid managed care waiver program in  
12 1997; and

13 WHEREAS, The lack of regular cost-of-living adjustments in rates paid to  
14 community mental health and developmental disability providers is eroding service  
15 quality, reducing access to essential care, and deepening an already severe workforce  
16 crisis; and

17 WHEREAS, Whether by statute, regulation, or practice, annual cost-of-living  
18 adjustments are built into the reimbursement rates of other major providers of public  
19 health services, including community hospitals, community health centers, nursing  
20 homes, and medical daycare centers; and

21 WHEREAS, Making annual adjustments for cost of living in rates for  
22 community mental health and developmental disability services would not only  
23 correct a long-standing rate-setting inequity but also help ensure quality care for  
24 persons with psychiatric and developmental disabilities; now, therefore,

25 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
26 MARYLAND, That the Laws of Maryland read as follows:

27 **Article - Health - General**

28 16-201.2.

29 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
30 INDICATED.

31 (2) "COMMUNITY DEVELOPMENTAL DISABILITIES SERVICES PROVIDER"  
32 MEANS A COMMUNITY-BASED DEVELOPMENTAL DISABILITIES PROGRAM LICENSED  
33 BY THE DEPARTMENT.

34 (3) "COMMUNITY MENTAL HEALTH SERVICES PROVIDER" MEANS A  
35 COMMUNITY-BASED MENTAL HEALTH PROGRAM APPROVED BY THE DEPARTMENT  
36 OR AN INDIVIDUAL PRACTITIONER WHO CONTRACTS WITH THE DEPARTMENT OR  
37 THE APPROPRIATE CORE SERVICE AGENCY.

1 (4) "CORE SERVICE AGENCY" HAS THE MEANING STATED IN § 10-1201 OF  
2 THIS ARTICLE.

3 (5) "ELIGIBLE INDIVIDUAL" MEANS A MEDICAID RECIPIENT OR AN  
4 INDIVIDUAL WHO RECEIVES DEVELOPMENTAL DISABILITIES SERVICES OR MENTAL  
5 HEALTH SERVICES SUBSIDIZED IN WHOLE OR IN PART BY THE STATE.

6 (B) NOTWITHSTANDING THE PROVISIONS OF THIS SUBTITLE, THE  
7 DEPARTMENT SHALL REIMBURSE A COMMUNITY DEVELOPMENTAL DISABILITIES  
8 SERVICES PROVIDER OR A COMMUNITY MENTAL HEALTH SERVICES PROVIDER FOR  
9 APPROVED SERVICES RENDERED TO AN ELIGIBLE INDIVIDUAL AS PROVIDED IN THIS  
10 SECTION.

11 (C) (1) SUBJECT TO THE LIMITATIONS OF THE STATE BUDGET, BEGINNING  
12 IN FISCAL YEAR 2008 AND IN EACH FISCAL YEAR THEREAFTER, THE DEPARTMENT  
13 SHALL ADJUST FOR INFLATION THE FEES PAID TO A COMMUNITY DEVELOPMENTAL  
14 DISABILITIES SERVICES PROVIDER AND A COMMUNITY MENTAL HEALTH SERVICES  
15 PROVIDER FOR APPROVED SERVICES RENDERED TO AN ELIGIBLE INDIVIDUAL USING  
16 THE UPDATE FACTOR RECOMMENDED BY THE COMMUNITY SERVICES  
17 REIMBURSEMENT RATE COMMISSION.

18 (2) ~~THE FEES SHALL BE ADJUSTED USING THE UPDATE FACTOR~~  
19 ~~RECOMMENDED BY THE COMMUNITY SERVICES REIMBURSEMENT RATE~~  
20 ~~COMMISSION~~ ANNUAL ADJUSTMENTS SHALL BE FUNDED WITH DUE REGARD TO THE  
21 EXPENDITURES NECESSARY TO MEET THE NEEDS OF INDIVIDUALS RECEIVING  
22 SERVICES.

23 (3) THE ANNUAL RATE OF CHANGE FOR THE FEES MAY NOT EXCEED A  
24 MAXIMUM RATE OF 5%.

25 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
26 July 1, 2006.