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By: **Senators Lawlah, Della, Hafer, Hogan, Kasemeyer, Kelley, Klausmeier, Middleton, and ~~Teitelbaum~~ Teitelbaum, and Garagiola**

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Assigned to: Finance

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 22, 2006

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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)

19 Preamble

20 WHEREAS, Annual cost-of-living adjustments to reimbursement rates paid for  
21 community-based developmental disability and mental health services are necessary  
22 for quality care; and

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

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

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

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

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

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

23 **Article - Health - General**

24 16-201.2.

25 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
26 INDICATED.

27 (2) "COMMUNITY DEVELOPMENTAL DISABILITIES SERVICES PROVIDER"  
28 MEANS A COMMUNITY-BASED DEVELOPMENTAL DISABILITIES PROGRAM LICENSED  
29 BY THE DEPARTMENT.

30 (3) "COMMUNITY MENTAL HEALTH SERVICES PROVIDER" MEANS A  
31 COMMUNITY-BASED MENTAL HEALTH PROGRAM APPROVED BY THE DEPARTMENT  
32 OR AN INDIVIDUAL PRACTITIONER WHO CONTRACTS WITH THE DEPARTMENT OR  
33 THE APPROPRIATE CORE SERVICE AGENCY.

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

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

1 (B) NOTWITHSTANDING THE PROVISIONS OF THIS SUBTITLE, THE  
2 DEPARTMENT SHALL REIMBURSE A COMMUNITY DEVELOPMENTAL DISABILITIES  
3 SERVICES PROVIDER OR A COMMUNITY MENTAL HEALTH SERVICES PROVIDER FOR  
4 APPROVED SERVICES RENDERED TO AN ELIGIBLE INDIVIDUAL AS PROVIDED IN THIS  
5 SECTION.

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

13 (2) ~~THE FEES SHALL BE ADJUSTED USING THE UPDATE FACTOR~~  
14 ~~RECOMMENDED BY THE COMMUNITY SERVICES REIMBURSEMENT RATE~~  
15 ~~COMMISSION~~ ANNUAL ADJUSTMENTS SHALL BE FUNDED WITH DUE REGARD TO THE  
16 EXPENDITURES NECESSARY TO MEET THE NEEDS OF INDIVIDUALS RECEIVING  
17 SERVICES.

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

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