

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE
Revised

House Bill 98 (Delegate Hubbard)
Health and Government Operations

Finance

**Mental Hygiene Administration - Children's Psychiatric Rehabilitation Program
- Study of Case Rates**

This bill requires the Department of Health and Mental Hygiene's (DHMH) Mental Hygiene Administration (MHA) to study and determine the appropriate utilization level of children's psychiatric rehabilitation program (PRP) services. MHA also must: study the impact of the shift from fee-for-service payments to case rates on consumer outcomes; recalculate the case rate based on the appropriate utilization level, taking consumer outcomes and MHA's budget into account; and determining whether consumers can be classified by level of care to establish multiple tiers of case rates, limiting the number of children shifted to higher-paying rates. MHA must consult with family members of children who use psychiatric rehabilitation services, advocates, providers, and the Community Services Reimbursement Rate Commission in performing these tasks.

By January 1, 2007, MHA must report to the Governor, the Senate Budget and Taxation Committee, the Senate Finance Committee, the House Appropriations Committee, and the House Health and Government Operations Committee on findings and recommendations from the study.

The bill takes effect June 1, 2006.

Fiscal Summary

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

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: The Community Services Reimbursement Rate Commission (CSRRC) was created in 1996 as an independent unit within DHMH; it terminates September 30, 2008. The commission is charged with: (1) developing methodologies for calculating Developmental Disabilities Administration (DDA) and MHA rate update factors; (2) reviewing data in DDA annual cost reports and use data to develop relative performance measures of providers; (3) studying the variation of DDA provider transportation costs and recommending whether rates should be adjusted to include such costs; (4) working with MHA to expand the use of any billing data collected by a third-party administrator for the public mental health system to evaluate performance; (5) reviewing the changes in payments for and utilization of psychiatric rehabilitation services associated with the shift to case rates; and (6) evaluating proposed regulatory changes by DHMH, DDA, and MHA that affect the rates paid or the rate structure.

By October 1 of each year, the commission must issue a report to the Governor, the Secretary of Health and Mental Hygiene, and the General Assembly on its findings.

Background: This bill implements CSRRC recommendations that MHA study and determine the appropriate utilization level of children's PRP services and recalculate the rate based on that level, accounting for consumer outcomes. CSRRC advises in a June 2005 report that doing this could increase the case rate and MHA expenditures. According to CSRRC, increasing the case rate also could encourage existing providers to enroll or re-enroll more children in PRP services and other providers to enter or re-enter the PRP system, thereby increasing expenditures. CSRRC cautions that any rate changes should take MHA's budget into account and provide protections to limit the number of children shifted into categories with higher payment rates.

MHA began paying for PRP services using case rates in February 2004. Previously, MHA paid for services on a fee-for-service basis. The case rates are paid in any month a consumer receives three or more services and does not increase if more than three services are provided. The case rate for PRP services for individuals living with a responsible adult (mostly children) is \$297 per month for each month a consumer receives three or more services. PRP service providers have reported laying off staff as a result of the case rates because payments to providers under case rates are approximately half of what the payments were under fee-for-service, according to the report.

MHA advises that in addition to CSRRC's annual review of PRP rates, the administration does its own review of PRP rates annually.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Health and Mental Hygiene; *Children's Psychiatric Rehabilitation Program Case Rates*, Community Services Reimbursement Rate Commission, June 7, 2005; Department of Legislative Services

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