

**Department of Legislative Services**  
 Maryland General Assembly  
 2008 Session

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

House Bill 372 (The Speaker, *et al.*) (By Request – Administration)

Health and Government Operations

Finance

**Maryland Veterans Behavioral Health**

This Administration bill requires behavioral health service coordination among the Department of Health and Mental Hygiene, the U.S. Department of Veterans Affairs, the Maryland Department of Veterans Affairs, the Maryland National Guard, and the Maryland Defense Force for the purpose of connecting veterans of the Afghanistan and Iraq conflicts to behavioral health services. In addition, the bill creates a Veterans Behavioral Health Advisory Board and requires the board to submit an interim report to the Governor and the General Assembly by December 1, 2009 and a final report by December 1, 2010.

The bill takes effect June 1, 2008 and terminates May 31, 2011.

**Fiscal Summary**

**State Effect:** General fund expenditures related to the cost of behavioral program coordination and service delivery could increase by \$3,131,700 in FY 2009. FY 2010 reflects inflation as does FY 2011, which also reflects the bill’s May 31, 2011 termination date. The FY 2009 operating budget includes \$2,825,475 for this purpose.

(in dollars)	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	3,131,700	2,970,100	2,724,900	0	0
Net Effect	(\$3,131,700)	(\$2,970,100)	(\$2,724,900)	\$0	\$0

*Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect*

**Local Effect:** None.

**Small Business Effect:** The Administration as determined that this bill has minimal or no affect on small business (attached). Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.).

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## Analysis

**Bill Summary:** “Behavioral health services” include mental health services or alcohol and substance abuse services. “Crisis services” include temporary services designed to address and stabilize a severe behavioral health problem and to avoid an emergency situation, and may include hotlines, in-home support, and residential crisis services. “Web-based resource program” means an interactive web-based communication medium that • allows individuals to access resources regarding public and private behavioral health services, crisis and emergency services, and early intervention and prevention programs; and • enables the public and private health care communities to work together to address problems related to providing and obtaining behavioral health services.

Veterans served under the bill include State residents who served on active duty in the U.S. uniformed services – other than for training – and were discharged or released under conditions other than dishonorable. They also have to have served in • Afghanistan on or after October 24, 2001 and before a terminal date to be set by the U.S. Secretary of Defense; or • Iraq on or after March 19, 2003 and before a terminal date to be set by the U.S. Secretary of Defense.

DHMH has to collaborate with the U.S. Department of Veterans Affairs, the Maryland Department of Veterans Affairs, the Maryland National Guard, and the Defense Force to connect veterans of the Afghanistan and Iraq conflicts to behavioral health services available at the federal level. Where services are not yet available or accessible at the federal level, DHMH has to connect eligible and needy veterans to behavioral health services which may be available through the Mental Hygiene Administration or the Alcohol and Drug Abuse Administration until federal services can be obtained. In addition, DHMH has to provide veterans with up-to-date information about behavioral health services and resources through a web-based program.

In addition to service coordination, DHMH has to provide or fund certain behavioral health services for eligible and needy veterans who cannot obtain immediate access to behavioral health services through the VA. Behavioral health services provided may include crisis services and short-term behavioral health services in rural areas of the State, where existing federal and State services are determined to be inadequate or inaccessible by DHMH. Short-term behavioral health services must be available *only* until a veteran can obtain adequate behavioral health services through the VA. These short-term services may include • screening assessments; • individual, family, and group

therapy; • substance abuse early intervention and detoxification services; and • substance abuse medication-assisted treatment.

All services and service coordination are subject to DHMH's budgetary limitations. DHMH will also set all eligibility and medical necessity criteria.

The Veterans Behavioral Health Advisory Board has to:

- immediately analyze the behavioral health needs of veterans and their families;
- identify gaps in behavioral health services available to veterans and their families;
- identify access barriers for veterans and their families in obtaining available health services, particularly in rural areas of the State;
- facilitate collaboration among organizations and entities, including hospitals, that provide behavioral health services to veterans and their families;
- make recommendations to improve outreach to veterans and their families in need of behavioral health services;
- promote federal and State collaboration to maximize funding and access to resources for the behavioral health needs of veterans and their families;
- make recommendations to build provider capacity and increase provider training to meet the behavioral health needs of veterans and their families;
- make recommendations to improve the coordination of behavioral health services for veterans and their families; and
- make recommendations on methods to provide behavioral health services to individuals who are not eligible for benefits from the VA due to a dishonorable discharge or release for a reason relating to substance abuse or mental illness.

DHMH has to account separately for funds used to provide behavioral health services to veterans under the bill and has to seek reimbursement from the VA or other responsible public or private payer for any such services provided.

By September 1, 2008, DHMH, in conjunction with the Veterans Behavioral Health Advisory Board, has to submit a grant application to the VA or other appropriate federal agency for at least \$3.5 million in federal funds in both fiscal 2010 and 2011 to support the behavioral health program under the bill. DHMH has to send a copy of the application to the Maryland Congressional Delegation Members and specified General Assembly standing committees.

**Current Law:** Eligibility for VA health care benefits is determined at the federal level and is based on active military service in the Army, Navy, Air Force, Marines, or Coast Guard. Most of the nation's veterans are eligible for some VA health care services if

they choose to enroll. Enrolled veterans are assigned to one of eight priority levels based on their service-connected disabilities, income levels, and other factors.

The VA will reimburse for medical care provided outside of the VA system if the following criteria are met • the veteran was pre-approved for fee-basis service by the VA; • the care or services were rendered to a veteran in a medical emergency of such nature that delay would have been hazardous to life or health; • care or services were rendered to a veteran to treat his or her service-connected disability, a condition caused by a service-connected disability, or for a condition of a veteran who is a participant in a vocational rehabilitation program and needed such treatment to continue program participation; and • VA or other federal facilities were not feasibly available. If all requirements are met, the VA, rather than reimbursing the veteran directly, can reimburse the hospital or health facility furnishing the care or services, or the person or organization paying for services on the veteran's behalf.

**Background:** Nationwide, the Veterans Health Administration provides • general inpatient psychiatric services in 132 medical centers; • mental health outpatient services in 689 medical centers and community-based outpatient clinics; and • readjustment counseling services at 209 veterans centers. According to the VA, about one-third of the combat veterans returning from Iraq and Afghanistan who seek care from the VA have a possible diagnosis of a mental disorder. As of November 2006, the VA reported that of the 205,000 veterans returning from Iraq and Afghanistan who have sought VA health care since fiscal 2002, 73,157 patients received a possible mental health disorder diagnosis.

In 2008, DHMH estimates that 15,000 veterans of Iraq and Afghanistan will reside in Maryland. Of these 15,000, an estimated 5,000 will have mental health and/or substance abuse problems. In Maryland the VA health care system provides mental health services at all VA medical centers, outpatient clinics, and nursing homes in Maryland. Facilities include Perry Point VA Medical Center, Baltimore VA Medical Center, Baltimore VA Rehabilitation and Extended Care Center, and nine community-based outpatient clinics throughout the State. Clinics are located in Cambridge, Fort Howard, Glen Burnie, Loch Raven, Pocomoke City, Charlotte Hall, Cumberland, Greenbelt, and Hagerstown. In addition, five VA centers offer readjustment counseling and outreach services in Aberdeen, Baltimore, Cambridge, Elkton, and Silver Spring.

The Maryland Department of Veterans Affairs advises that 4,345 veterans of the Iraq and Afghanistan conflicts are enrolled with the VA health care system in the State. In addition, the department advises that it does not have a waiting list for any veteran to receive mental health services, and has no way of tracking the number of veterans who have mental health disorders or are receiving mental health services.

**State Fiscal Effect:** Legislative Services advises that expenditures would vary substantially depending on the number of veterans who access services outlined in the bill. DHMH advises that the program would serve an estimated 1,800 veterans under the program annually and an estimated 270 veterans would need crisis services annually. Further, DHMH advises that short-term mental health and substance abuse evaluation treatment services would include one psychiatric or substance abuse evaluation and five to seven therapy sessions. DHMH advises that the current Administrative Service Organization (ASO) contract will need to be modified to provide computer reconfigurations to perform utilization review, medical necessity, continued stay, and claims payment for veterans served under the program.

General fund expenditures could increase by an estimated \$3,131,655 in fiscal 2009, which assumes full-year implementation. This estimate primarily reflects the cost of providing the required services under the bill as well as hiring one contractual employee by DHMH. One program manager would oversee all aspects of the project. DHMH advises that, in addition to the program manager, it would need five administrators to determine veterans needs, identify resources in helping veterans access behavioral health services, and link veterans to services through the VA, ADAA, and MHA based on medical necessity and eligibility criteria. However, Legislative Services advises that DHMH could provide access to gap services through existing statewide infrastructure, including MHA, VA, ADAA, and core service agencies. In addition, the estimate reflects the cost of hiring additional staff for an established crisis hotline (\$100,000); providing transportation for veterans to and from treatment (\$100,000); providing residential crisis services and in-home support (\$1.50 million); and the cost of providing short-term mental health, substance abuse evaluation treatment services, and medication to needy veterans (\$1.13 million). DHMH advises that mental health and substance abuse services would be provided in rural areas and Eastern, Western, and Southern regions. The estimate also reflects one-time costs to modify the ASO contract at a cost of \$75,000 and \$150,000 to expand a web-based resource site for veterans statewide. The statewide web-based resource site would include a veterans' portal offering behavioral health information and resources available within the VA and public mental health system, alcohol and drug abuse system, and county-specific services. The fiscal 2009 operating budget includes \$2,825,475 for this purpose.

Contractual Salary and Fringe Benefits	\$52,950
Operating Expenses	2,832,030
Start-up Costs	<u>246,675</u>
<b>Total</b>	<b>\$3,131,655</b>

Future years reflect • a full salary with 4.4% annual increases and 6.8% employee turnover; and • 2% annual increases in operating expenses. Fiscal 2011 also reflects the bill's May 31, 2011 termination date.

It is unlikely that DHMH would be able to secure federal reimbursement for services provided under the program. Since the program would likely be providing services to veterans who have not yet been approved for fee-basis services by the VA, one of the criteria that veterans have to meet in order for the VA to reimburse for rendered services to such a veteran will not be met. In addition, it is unlikely that DHMH would secure a grant from the VA or other federal agency for program expenses since the VA does not issue such grants. Therefore, Legislative Services assumes that no federal dollars would be secured for the program in fiscal 2009 and future years.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** SB 210 (The President, *et al.*) (By Request – Administration) – Finance.

**Information Source(s):** Maryland Military Department, Maryland Department of Veterans Affairs, Department of Health and Mental Hygiene, Department of Legislative Services

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