

Department of Legislative Services
Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 305

(Senator Middleton)

Finance

Health and Government Operations

Community Services Reimbursement Rate Commission - Termination Date
Extension and Modifications

This bill extends the termination date for the Community Services Reimbursement Rate Commission from September 30, 2008 to September 30, 2011 and alters CSRRC's required duties, scope of issues to assess, and the information required in CSRRC's annual report. The bill also requires the Board of Nursing to provide CSRRC copies of any regulations that may impact the costs incurred by community service providers paid for by the Mental Hygiene Administration or Developmental Disabilities Administration.

The bill takes effect July 1, 2008.

Fiscal Summary

State Effect: General fund expenditures of approximately \$200,000 annually budgeted through MHA and DDA would continue CSRRC through the first quarter of FY 2012. The FY 2009 budget does not include funding for CSRRC. No effect on revenues.

Local Effect: None.

Small Business Effect: Minimal to none.

Analysis

Bill Summary: The bill requires CSRRC to develop *or refine* methodologies for calculating rate update factors. The requirements that CSRRC • study specified

transportation costs; • work with MHA to expand use of certain billing data; and • review changes in specified payments for psychiatric rehabilitation services are repealed.

CSRRC must assess • the level of and changes in wages paid by providers to direct support workers; and • the impact of changes in regulations that impact on the costs of providers and whether the rates have been adjusted to provide for any increased costs associated with the regulatory changes.

CSRRC's annual report must describe its findings regarding the changes in wages paid by providers to direct care workers.

The bill also authorizes the Governor, with the advice and consent of the Senate, to appoint up to two commissioners serving as of January 1, 2008 to serve a fifth consecutive term beginning October 1, 2008; and repeals the definition of "consumer safety costs."

Current Law: CSRRC is an independent unit that functions within the Department of Health and Mental Hygiene; it terminates September 30, 2008.

CSRRC must • develop methodologies for calculating DDA and MHA rate update factors; • review data in DDA annual cost reports and use data to develop relative performance measures of providers; • study variation in transportation costs among providers; • work 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 and review the changes in the payments for and utilization of psychiatric rehabilitation services; and • evaluate proposed regulatory changes by DHMH, DDA, and MHA that affect the rates paid or the rate structure.

CSRRC must assess • the extent and amount of uncompensated care providers deliver; • the relationship of changes in wages paid by providers to changes in DHMH rates; • providers' ability to operate and be financially solvent; • the incentives and disincentives in the rate-setting methodologies used by DDA and MHA and in alternative methodologies; • quality measures and how to build incentives to provide quality care into the rate-setting methodology; • the impact of consumer safety costs and whether the rates have been adjusted to provide for those costs; and • other rate system issues.

CSRRC must issue a report annually by October 1 to the Governor, the Secretary of Health and Mental Hygiene, and the General Assembly that describes its findings regarding • the relationship of changes in wages paid by providers to changes in rates paid by DHMH; • the financial condition of providers; • incentives and disincentives in

DDA and MHA rate-setting methodologies; • how incentives to provide quality of care can be built into rate-setting methodology; and • the recommended methodologies for calculation of rate update factors. The commission's findings and recommendations must be considered annually in developing the budgets of DHMH, DDA, and MHA.

State Fiscal Effect: General fund expenditures for CSRRC would continue through the first quarter of fiscal 2012 as the bill proposes to extend CSRRC's termination date until September 30, 2011. The fiscal 2009 budget does not include funding for CSRRC, although \$180,000 was requested by MHA and DDA. For fiscal 2008, \$207,000 was budgeted for CSRRC. No effect on general fund revenues.

Additional Information

Prior Introductions: None.

Cross File: HB 1059 (Delegate Hubbard, *et al.*) – Health and Government Operations.

Information Source(s): Department of Health and Mental Hygiene, Department of Legislative Services

Fiscal Note History: First Reader - February 11, 2008
ncs/ljm Revised - Senate Third Reader - March 22, 2008
Revised - Updated Budget Information - June 16, 2008

Analysis by: Jennifer B. Chasse

Direct Inquiries to:
(410) 946-5510
(301) 970-5510