

Department of Legislative Services
 Maryland General Assembly
 2009 Session

FISCAL AND POLICY NOTE

House Bill 411 (Delegate Hubbard)
 Health and Government Operations

Finance

Community Mental Health Services Programs - Financial Statements and Salary Information

This bill requires all licensed community mental health services programs to submit annual financial statements and salary information according to Mental Hygiene Administration (MHA) regulations. MHA may impose a penalty of up to \$500 per day for each day a licensee fails to comply with the bill.

Fiscal Summary

State Effect: General fund revenues increase by \$250,000 in FY 2010 assuming an estimated 100 programs fail to meet the bill’s reporting requirement and are charged the daily \$500 penalty. Future years reflect a decreasing number of programs that fail to meet the reporting requirement. General fund expenditures increase by \$8,500 in FY 2010 to hire one contractual employee to handle the administration associated with invoicing, as well as statement and penalty collection for three months of the year. Future year expenditures reflect inflation.

(in dollars)	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
GF Revenue	\$250,000	\$100,000	\$25,000	\$25,000	\$25,000
GF Expenditure	\$8,500	\$6,800	\$7,100	\$7,400	\$7,700
Net Effect	\$241,500	\$93,200	\$17,900	\$17,600	\$17,300

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

Local Effect: None.

Small Business Effect: Meaningful for small community mental health programs that fail to meet the bill’s reporting requirement.

Analysis

Current Law/Background: MHA, in conjunction with local core service agencies (CSA), provides mental health services to State residents through private community-based providers, local health department clinics, and State-operated facilities.

Community mental health service programs are financed through a combination of grants and contracts with vendors, as well as direct fee-for-service reimbursements. Administrative service organizations operate the fee-for-service system, and local CSAs administer grants and contracts.

Regulations define a mental health program as a community-based program that is approved by the Department of Health and Mental Hygiene (DHMH) to be eligible for State and/or federal funding. In addition, regulations require community mental health service programs to submit an annual report with financial information, and wage and benefit information for each job classification to the program's collaborating CSA, or to the lead CSA when providing service in multiple jurisdictions. The program also has to submit the information to the Community Services Reimbursement Rate Commission. No penalties are associated with a failure to comply with the regulations.

DHMH advises that there are approximately 400 community health service programs in the State and that the financial reporting requirements went into effect January 2008. Programs were given until March 1, 2008 to comply with the regulations, but just 49 of the 400 programs submitted the required information last year.

State Fiscal Effect: General fund revenues increase by \$250,000 in fiscal 2010. This assumes that compliance with reporting increases and just 100 providers submit the required report on average five days late and are charged a \$500 daily penalty. Fiscal 2011 assumes that 40 providers are charged a \$500 daily penalty for submitting the required report on average five days late yielding \$100,000. Fiscal 2012, 2013, and 2014 assume just 10 providers are charged a \$500 daily penalty for submitting the required report five days late, yielding \$25,000 a year. Revenues vary depending on the number of programs that fail to comply with the bill each year.

DHMH requires programs to submit the annual report by March 1. General fund expenditures increase by \$8,473 to hire one contractual employee for three months of the year, possibly from February through April, to handle report and penalty collection, and to send out invoices. This estimate includes a quarter-time (*i.e.*, three-month) salary, fringe benefits, one-time start-up costs, and operating expenses.

Contractual Position (three months per year)	0.25
Salary and Fringe Benefits	\$6,493
Operating Expenses	510
Start-up Costs	<u>1,470</u>
Total	\$8,473

Future years reflect the quarter-time contractual salary with 4.4% annual increases and 6.8% employee turnover, and 1% annual increases in ongoing operating expenses.

Additional Information

Prior Introductions: None.

Cross File: SB 492 (Senator Kelley, *et al.*) - Finance.

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

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ncs/mwc

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