

# SENATE BILL 633

J1

0lr2584  
CF 0lr2585

---

By: **Senators Middleton, Astle, Kasemeyer, Kelley, King, Klausmeier, Kramer, Lenett, Madaleno, Raskin, and Robey**  
Introduced and read first time: February 5, 2010  
Assigned to: Finance and Budget and Taxation

---

## A BILL ENTITLED

1 AN ACT concerning

2 **Community Services Reimbursement Rate Commission – Developmental**  
3 **Disabilities and Community Mental Health Services – Rate Adjustments**

4 FOR the purpose of requiring the Community Services Reimbursement Rate  
5 Commission to develop a certain update formula for determining rates paid to  
6 developmental disabilities service providers and community mental health  
7 services providers; requiring the Commission to include in a certain existing  
8 annual report an analysis of the impact of a certain update formula on the  
9 financial condition of certain providers; requiring the Department of Health and  
10 Mental Hygiene to make a certain adjustment for inflation of the fees paid to  
11 certain providers using a certain update formula beginning in a certain fiscal  
12 year; establishing the formula for the annual inflation rate adjustment for  
13 certain providers; and generally relating to the Community Services  
14 Reimbursement Rate Commission and provider rate adjustments.

15 BY repealing and reenacting, with amendments,  
16 Article – Health – General  
17 Section 13–806, 13–809, and 16–201.2  
18 Annotated Code of Maryland  
19 (2009 Replacement Volume)

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

22 **Article – Health – General**

23 13–806.

24 (a) The Commission shall assess:

---

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.  
[Brackets] indicate matter deleted from existing law.



1           (1)    The extent and amount of uncompensated care delivered by  
2 providers;

3           (2)    The level of and changes in wages paid by providers to direct  
4 support workers, including the source of revenue for wages paid by providers;

5           (3)    The ability of providers to operate on a solvent basis in the delivery  
6 of effective and efficient services that are in the public interest;

7           (4)    The incentives and disincentives:

8                   (i)    Incorporated in the rate setting methodologies utilized and  
9 proposed by the Mental Hygiene Administration and the Developmental Disabilities  
10 Administration; and

11                   (ii)   In alternative methodologies;

12           (5)    How incentives to provide quality care can be built into a rate  
13 setting methodology; and

14           (6)    The impact of changes in regulations that impact on the costs of  
15 providers and whether the rates have been adjusted to provide for any increased costs  
16 associated with the regulatory changes.

17           (b)    The Commission shall:

18                   (1)    Develop [or refine methodologies for calculating rate update factors  
19 for rates paid by the Developmental Disabilities Administration and the Mental  
20 Hygiene Administration and recommend annual rate update factors that use the  
21 methodologies that are developed] **AN UPDATE FORMULA THAT IS EQUIVALENT TO  
22 THE COST ADJUSTMENTS FOR UNITS OF STATE GOVERNMENT IN THE  
23 GOVERNOR'S PROPOSED BUDGET BY:**

24                           **(I)    STUDYING THE CATEGORIES OF COSTS USED BY THE  
25 DEPARTMENT OF BUDGET AND MANAGEMENT IN THE BUDGETS OF UNITS OF  
26 STATE GOVERNMENT;**

27                           **(II)   ASSESSING THE AVERAGE COST STRUCTURE OF  
28 PROVIDERS USING THE CATEGORIES OF COSTS USED BY THE DEPARTMENT OF  
29 BUDGET AND MANAGEMENT FOR UNITS OF STATE GOVERNMENT; AND**

30                           **(III)   DETERMINING A WEIGHTED AVERAGE FORMULA BASED  
31 ON THE AVERAGE COST STRUCTURE OF PROVIDERS TO ALIGN ANNUAL COST  
32 ADJUSTMENTS FOR PROVIDERS WITH COST ADJUSTMENTS FOR UNITS OF STATE  
33 GOVERNMENT IN THE GOVERNOR'S PROPOSED BUDGET;**

1           (2) With respect to the Developmental Disabilities Administration,  
2 review the data reported in the Developmental Disabilities Administration annual cost  
3 reports and use the data to develop relative performance measures of providers; and

4           (3) Evaluate proposed regulatory changes by the Department, the  
5 Developmental Disabilities Administration, and the Mental Hygiene Administration  
6 that affect the rates paid or the rate structure.

7 13–809.

8           On or before October 1 of each year, the Commission shall issue a report to the  
9 Governor, the Secretary, and, subject to § 2–1246 of the State Government Article, the  
10 General Assembly that:

11           (1) Describes its findings regarding:

12                   (i) The changes in wages paid by providers to direct care  
13 workers;

14                   (ii) The financial condition of providers [and], the ability of  
15 providers to operate on a solvent basis in the delivery of effective and efficient services  
16 that are in the public interest, **AND THE IMPACT OF THE UPDATE FORMULA AS SET  
17 FORTH IN § 13–806 OF THIS SUBTITLE, ON THE FINANCIAL CONDITION OF  
18 PROVIDERS;**

19                   (iii) The incentives and disincentives incorporated in the rate  
20 setting methodologies utilized and proposed by the Mental Hygiene Administration  
21 and the Developmental Disabilities Administration and how the methodologies might  
22 be improved;

23                   (iv) How incentives to provide quality of care can be built into a  
24 rate setting methodology; [and]

25                   (v) The recommended methodologies for the [calculation of rate  
26 update factors and the rate update factors recommended] **UPDATE FORMULA, AS SET  
27 FORTH IN § 13–806 OF THIS SUBTITLE,** for the next succeeding fiscal year; **AND**

28                   **(VI) ANY ADDITIONAL RECOMMENDATIONS REGARDING**  
29 **RATE–SETTING METHODOLOGIES TO ALIGN PROVIDER RATES WITH**  
30 **REASONABLE COSTS;**

31           (2) Recommends the need for any formal executive, judicial, or  
32 legislative action;

33           (3) Describes issues in need of future study by the Commission; and

1 (4) Discusses any other matter that relates to the purposes of the  
2 Commission under this subtitle.

3 16–201.2.

4 (a) (1) In this section the following words have the meanings indicated.

5 (2) “Community developmental disabilities services provider” means a  
6 community–based developmental disabilities program licensed by the Department.

7 (3) “Community mental health services provider” means a  
8 community–based mental health program approved by the Department or an  
9 individual practitioner who contracts with the Department or the appropriate core  
10 service agency.

11 (4) “Core service agency” has the meaning stated in § 10–1201 of this  
12 article.

13 (5) “Eligible individual” means a Medicaid recipient or an individual  
14 who receives developmental disabilities services or mental health services subsidized  
15 in whole or in part by the State.

16 (b) Notwithstanding the provisions of this subtitle, the Department shall  
17 reimburse a community developmental disabilities services provider or a community  
18 mental health services provider for approved services rendered to an eligible  
19 individual as provided in this section.

20 (c) (1) [Subject to the limitations of the State budget, beginning]  
21 **BEGINNING** in fiscal year [2008] **2012** and in each fiscal year thereafter, the  
22 Department shall adjust for inflation the fees paid to a community developmental  
23 disabilities services provider and a community mental health services provider for  
24 approved services rendered to an eligible individual using the update [factor]  
25 **FORMULA SET FORTH IN § 13–806 OF THIS ARTICLE** recommended by the  
26 Community Services Reimbursement Rate Commission.

27 **(2) THE ANNUAL INFLATION RATE ADJUSTMENT FOR**  
28 **DEVELOPMENTAL DISABILITY AND MENTAL HEALTH COMMUNITY PROVIDERS**  
29 **SHALL BE EQUIVALENT TO THE COST ADJUSTMENTS FOR CATEGORIES OF COSTS**  
30 **FOR UNITS OF STATE GOVERNMENT IN THE GOVERNOR’S PROPOSED BUDGET.**

31 **[(2)] (3)** Annual adjustments shall be funded with due regard to the  
32 expenditures necessary to meet the needs of individuals receiving services.

33 **[(3)** The annual rate of change for the fees may not exceed a maximum  
34 rate of 5%.]

1           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
2   October 1, 2010.