

# SENATE BILL 633

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CF HB 1034

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By: **Senators Middleton, Astle, Kasemeyer, Kelley, King, Klausmeier, Kramer, Lenett, Madaleno, Raskin, ~~and Robey~~ Robey, Exum, Garagiola, Glassman, Pugh, Currie, Jones, McFadden, and Peters**

Introduced and read first time: February 5, 2010

Assigned to: Finance and Budget and Taxation

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Committee Report: Favorable with amendments

Senate action: Adopted with floor amendments

Read second time: March 12, 2010

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## CHAPTER \_\_\_\_\_

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; requiring the Department to conduct a certain study in  
14 consultation with certain stakeholders and to report its findings and  
15 recommendations to the General Assembly on or before a certain date; and  
16 generally relating to the Community Services Reimbursement Rate Commission  
17 and provider rate adjustments.

18 BY repealing and reenacting, with amendments,  
19 Article – Health – General  
20 Section 13–806, 13–809, and 16–201.2  
21 Annotated Code of Maryland  
22 (2009 Replacement Volume)

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike-out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



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

3 **Article – Health – General**

4 13–806.

5 (a) The Commission shall assess:

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

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

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

12 (4) The incentives and disincentives:

13 (i) Incorporated in the rate setting methodologies utilized and  
14 proposed by the Mental Hygiene Administration and the Developmental Disabilities  
15 Administration; and

16 (ii) In alternative methodologies;

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

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

22 (b) The Commission shall:

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

29 **(I) STUDYING THE CATEGORIES OF COSTS USED BY THE**  
30 **DEPARTMENT OF BUDGET AND MANAGEMENT IN THE BUDGETS OF UNITS OF**  
31 **STATE GOVERNMENT;**

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

4                   **(III) DETERMINING A WEIGHTED AVERAGE FORMULA BASED**  
5 **ON THE AVERAGE COST STRUCTURE OF PROVIDERS TO ALIGN ANNUAL COST**  
6 **ADJUSTMENTS FOR PROVIDERS WITH COST ADJUSTMENTS FOR UNITS OF STATE**  
7 **GOVERNMENT IN THE GOVERNOR’S PROPOSED BUDGET;**

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

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

14 13–809.

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

18                   (1) Describes its findings regarding:

19                   (i) The changes in wages paid by providers to direct care  
20 workers;

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

26                   (iii) The incentives and disincentives incorporated in the rate  
27 setting methodologies utilized and proposed by the Mental Hygiene Administration  
28 and the Developmental Disabilities Administration and how the methodologies might  
29 be improved;

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

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

1                   **(VI) ANY ADDITIONAL RECOMMENDATIONS REGARDING**  
 2 **RATE-SETTING METHODOLOGIES TO ALIGN PROVIDER RATES WITH**  
 3 **REASONABLE COSTS;**

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

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

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

9 16–201.2.

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

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

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

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

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

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

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

33                   **(2) THE ANNUAL INFLATION RATE ADJUSTMENT FOR**  
 34 **DEVELOPMENTAL DISABILITY AND MENTAL HEALTH COMMUNITY PROVIDERS**

1 SHALL BE EQUIVALENT TO THE COST ADJUSTMENTS FOR CATEGORIES OF COSTS  
2 FOR UNITS OF STATE GOVERNMENT IN THE GOVERNOR’S PROPOSED BUDGET.

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

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

7 SECTION 2. AND BE IT FURTHER ENACTED, That the Department of  
8 Health and Mental Hygiene shall:

9 (a) conduct a study, in consultation with community services stakeholders,  
10 including the Maryland Association of Community Services and the Community  
11 Behavioral Health Association of Maryland, to evaluate whether the role of the  
12 Community Services Reimbursement Rate Commission and its reporting requirements  
13 should be modified as a result of the changes in §§ 13–806, 13–809, and 16–201.2 of  
14 the Health – General Article enacted by Section 1 of this Act; and

15 (b) on or before January 1, 2011, report its findings and recommendations to  
16 the General Assembly, in accordance with § 2–1246 of the State Government Article.

17 SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take  
18 effect October 1, 2010.

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.