HB 650

Department of Legislative Services

Maryland General Assembly
2015 Session

FISCAL AND POLICY NOTE

House Bill 650 (Delegate Pena-Melnyk, *et al.*)
Health and Government Operations

Blue Ribbon Commission to Study Maryland's Behavioral Health System

This bill establishes the Blue Ribbon Commission to Study Maryland's Behavioral Health System. The Department of Health and Mental Hygiene (DHMH) must staff the commission. The commission must evaluate specified areas relating to the provision of mental health and substance use disorder services in the State and make specified recommendations. The commission must submit a preliminary report to the Governor and the General Assembly by November 1, 2015, and its final report by December 31, 2016.

The bill takes effect June 1, 2015, and terminates May 31, 2017.

Fiscal Summary

State Effect: General fund expenditures increase by $150,800 in FY 2016 and by $37,700 in FY 2017 for DHMH to hire one full-time contractual employee to staff the commission and for contractual data analysis services in FY 2016. This estimate assumes an employee start date of July 1, 2015. Revenues are not affected.

(in dollars)	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Revenues	$0	$0	$0	$0	$0
GF Expenditure	150,800	37,700	0	0	0
Net Effect	($150,800)	($37,700)	$0	$0	$0

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

Local Effect: Local health departments and core service agencies can provide assistance to the commission with existing resources.

Small Business Effect: None.

Analysis

Bill Summary: The 17-member commission consists of members of the Legislative and Judicial branches of State government, executive agency members, mental health and substance use disorder experts and service providers, and consumers. Members may not receive compensation but may receive reimbursement for standard travel expenses. The Governor must designate the chair of the commission. Membership must represent geographic and socio-demographic diversity.

The commission must evaluate (1) characteristics of patients receiving mental health and substance use disorder services; (2) current capacity to provide mental health and substance use disorder services; (3) areas of service delivery that are insufficient; (4) funding levels for the Maryland Medical Assistance Program (Medicaid) population; (5) the supply of physicians and other providers; (6) payor trends; (7) interagency coordination for service delivery; (8) geographic differences in the State and the impact on services and funding; (9) best practices in the State and across the country to meet the needs of the mental health and substance use disorder community; (10) the effectiveness of the integrated service delivery model for services in Medicaid; and (11) historical funding trends for services in the State.

The commission must make recommendations regarding (1) a State plan to address service or provider supply deficiencies; (2) best practices for interagency coordination to deliver services; and (3) an assessment of the resources needed to fully fund the State's behavioral health system.

Current Law/Background: DHMH has been examining the issue of integrating substance use disorder and mental health care in recent years to address fragmentation in the delivery and government financing of those services. Chapter 460 of 2014 merged DHMH's Alcohol and Drug Abuse Administration and Mental Hygiene Administration into the Behavioral Health Administration (BHA). According to a 2014 DHMH report on the *Implementation of the Behavioral Health Integrated Service Delivery and Financing System*, representatives from both the Maryland Advisory Council on Mental Hygiene and the State Drug and Alcohol Abuse Council began holding joint meetings in July 2012 to explore the possibility of combining into one behavioral health advisory council. DHMH plans to use the integrated council as a forum to solicit stakeholder input on policy decisions regarding behavioral health services.

The State has also chosen to move forward with a carve out of behavioral health services from the managed care system with added performance risk. Specifically, all substance abuse/specialty mental health services will be carved out from managed care organizations and delivered as fee-for-service (FFS) through an administrative service organization (ASO). The ASO contract includes incentives and penalties for performance against set

targets. BHA finalized, and the Board of Public Works approved, a contract for the new ASO to take over beginning January 1, 2015. The change to a FFS system under an ASO will not require a large shift within the specialty mental health services, since these services are already carved out under the current model. However, the new model will result in a significant change in the way in which substance abuse services are delivered throughout the State, since Medicaid-reimbursable substance abuse services for the uninsured will now be provided FFS through an ASO, which is much different from the previous grant-based system.

According to the National Alliance on Mental Illness, 4 million children and adolescents in the United States suffer from a serious mental disorder, and 21% of children ages 9 to 17 have a diagnosable mental or addictive disorder that causes at least minimal impairment. Additionally, the U.S. Substance Abuse and Mental Health Services Administration reports that, in Maryland, about 3% of adults age 18 or older suffer from a serious mental health illness (the disorder substantially interferes with or limits one or more major life activities).

State Expenditures: BHA advises that, because the commission coincides with an 18-month rollout of integrated mental health and substance use disorder regulations across the State, existing staff cannot support the commission. BHA advises it needs one full-time contractual employee to staff the commission as well as private contractual services (with the Hilltop Institute) to assist with the data analysis required under the bill.

General fund expenditures increase by $150,823 in fiscal 2016 and by $37,722 in fiscal 2017. This estimate reflects the cost of DHMH hiring one full-time contractual health policy analyst with a start date of July 1, 2015 (to reflect a one month start-up delay for formation of the commission) and an end date of December 31, 2016 (to reflect the bill's reporting deadline). It includes a salary, fringe benefits, one-time start-up costs, and operating expenses, as well as travel reimbursements. The estimate also reflects one-time costs of $74,000 in fiscal 2016 for contractual services to assist with data analysis.

Contractual Position	1
Salaries and Fringe Benefits	$65,497
Contractual Services	74,000
Travel Reimbursement	5,000
Operating Expenses	6,326
Total FY 2016 State Expenditures	**$150,823**

Additional Information

Prior Introductions: None.

Cross File: SB 281 (Senator Middleton, *et al.*) - Finance.

Information Source(s): Department of Health and Mental Hygiene, U.S. Centers for Disease Control and Prevention, U.S. Substance Abuse and Mental Health Services Administration, Department of Legislative Services

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