

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1040 (Delegate Woods, *et al.*)
Health and Government Operations

Maryland Medical Assistance Program - Limited Behavioral Health Services

This bill requires Medicaid, beginning January 1, 2025, to provide coverage for limited behavioral health services to individuals younger than age 18, regardless of whether the individual has a behavioral health diagnosis. To determine the limited behavioral health services to be provided, the Maryland Department of Health (MDH) must seek input from stakeholders, as specified. Covered services must include (1) evaluation and treatment planning; (2) family, group, and individual therapy; (3) services related to prevention, promotion, education, or outreach; and (4) any other services determined necessary by MDH based on input from stakeholders. By January 1 each year, MDH must report to the General Assembly on the limited behavioral health services provided, including the demographics of those receiving services.

Fiscal Summary

State Effect: Medicaid expenditures (52.7% federal funds, 47.3% general funds) increase by an indeterminate but potentially significant amount beginning in FY 2025 to provide coverage for limited behavioral health services and associated administrative changes, as discussed below. Federal fund revenues increase accordingly. **This bill increases the cost of an entitlement program beginning in FY 2025.**

Local Effect: None.

Small Business Effect: Potential meaningful.

Analysis

Current Law: Maryland operates a bifurcated care delivery system for Medicaid mental health (MH) and substance use disorder (SUD) benefits. Medicaid managed care

organizations (MCOs) cover MH/SUD services provided by an enrollee's primary care provider. As part of Maryland's § 1115 HealthChoice waiver, specialty MH/SUD services (services that are not part of a primary practitioner's office visit) are "carved out" into a separate managed fee-for-service system delivered through an administrative services organization (ASO).

State Fiscal Effect: The limited behavioral health services required to be covered under the bill are currently delivered through the ASO. In fiscal 2023, MDH spent \$551.0 million on level 1 (lower level) MH/SUD services for individuals younger than age 18. MDH advises that the bill would increase utilization of these services by as much as 20%, as well as require substantial administrative costs.

MDH notes that implementation of the bill requires significant system programming changes and alterations to how the department authorizes and reimburses claims through both MCOs and the ASO, enrolls providers, and delivers certain Early and Periodic Screening, Diagnosis, and Treatment services. MDH did not provide details on the cost of these changes.

MDH must also seek input from stakeholders on what specified services should be covered and submit an annual report. This analysis assumes that MDH can seek input and submit the annual report using existing budgeted resources.

For illustrative purposes only, for every 1% by which the bill increases utilization of MH/SUD services by individuals younger than age 18, Medicaid expenditures (52.7% federal funds, 47.3% general funds) increase by \$5.5 million on an annual basis (\$2.8 million in fiscal 2025 to reflect the January 1, 2025 requirement for coverage of such services). Federal fund revenues increase correspondingly.

Small Business Effect: Small business behavioral health care providers may receive additional reimbursement under the bill's expansion of covered services.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: SB 876 (Senator A. Washington) - Finance.

Information Source(s): Maryland Department of Health; Department of Legislative Services

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km/ljm

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