

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 735 (Delegate Grammer, *et al.*)
Health and Government Operations

**Certificate of Need - Psychiatric Health Care Facilities and Psychiatric and
Mental Health Services - Exemption**

This bill alters the definition of “medical service” to exempt psychiatry or any subcategory of psychiatry from the certificate of need (CON) requirement. Notwithstanding any other provision of law, a CON is not required to (1) establish or operate a psychiatric health care facility or (2) offer psychiatric or other mental health services at a health care facility, regardless of whether the health care facility requires a CON.

Fiscal Summary

State Effect: None. The change is technical in nature and does not directly affect governmental finances.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: “Medical service” means any of the following categories of health care services: (1) medicine, surgery, gynecology, or addictions; (2) obstetrics; (3) pediatrics; (4) psychiatry; (5) rehabilitation; (6) chronic care; (7) comprehensive care; (8) extended care; (9) intermediate care; or (10) residential treatment; or any subcategory of rehabilitation, psychiatry, comprehensive care, or intermediate care categories of health care services for which need is projected in the State health plan.

“Health care service” means any clinically related patient service, including a medical service.

Certificate of Need Program

The CON program, located within the Maryland Health Care Commission (MHCC), is intended to ensure that new health care facilities and services are developed only as needed and that, if determined to be needed, they (1) are the most cost-effective approach to meeting identified needs; (2) are of high quality; (3) are geographically and financially accessible; (4) are financially viable; and (5) will not have a significant negative impact on the cost, quality, or viability of other health care facilities and services.

The CON program requires review and approval of certain types of proposed health care facility and service projects by MHCC. With certain exceptions, a CON is required to (1) build, develop, or establish a new health care facility; (2) move an existing health care facility to another site; (3) change the type or scope of any health care service offered by a health care facility; (4) change the bed capacity of a health care facility; or (5) make a health care facility capital expenditure that exceeds a specified threshold.

A CON is required before the type or scope of any health care service is changed if the health care service (1) is offered by a health care facility, in space that is leased from a health care facility, or in space that is on land leased from a health care facility or (2) results in a change in operating room capacity in a hospital, a freestanding medical facility, or an ambulatory surgical facility. This requirement does not apply if:

- MHCC adopts limits for changes in health care services and the proposed change would not exceed those limits;
- the proposed change and the annual operating revenue that would result from the addition is entirely associated with the use of medical equipment;
- the proposed change would establish, increase, or decrease a health care service and the change would not result in the (1) establishment of a new medical service or elimination of an existing medical service; (2) establishment of a cardiac surgery, organ transplant surgery, or burn or neonatal intensive health care service; (3) establishment of percutaneous coronary intervention services, as specified; (4) establishment of a home health program, hospice program, or freestanding ambulatory surgical center or facility; or (5) expansion of a comprehensive care, extended care, intermediate care, residential treatment, psychiatry, or rehabilitation medical service, as specified; and
- at least 45 days before increasing or decreasing the volume of one or more health care services, written notice of intent to change the volume of health care services

is filed with MHCC and within 45 days of receiving notice, MHCC notifies the health care facility of its finding.

Additional Information

Recent Prior Introductions: Similar legislation has been introduced within the last three years. See HB 804 of 2024.

Designated Cross File: None.

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

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rh/jc

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