

Department of Legislative Services
 Maryland General Assembly
 2025 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 367 (Senator Ellis)
 Finance

Maryland Medical Assistance Program - Supportive Housing and Health Services

This bill requires Medicaid, beginning July 1, 2026, to provide “supportive housing and health services” to program recipients who (1) are experiencing homelessness or chronic homelessness; (2) require intensive case management; (3) have a chronic health condition or acute illness; and (4) require assistance with obtaining and maintaining housing as a direct result of a documented mental illness, substance use disorder, or disability, as specified. By October 1, 2025, the Maryland Department of Health (MDH) must apply for a federal waiver to provide supportive housing and health services. **The bill’s waiver application requirement takes effect July 1, 2025; the remainder of the bill takes effect the date the waiver is approved.**

Fiscal Summary

State Effect: Medicaid can apply for the waiver using existing budgeted resources. To the extent the waiver is granted, Medicaid expenditures (50% general funds, 50% federal funds) increase by at least \$289,800 in FY 2026 for personnel only; federal fund revenues increase accordingly. Future year personnel costs reflect annualization and inflation. Beginning in FY 2027, Medicaid expenditures (50% general funds, 50% federal funds) (and federal fund revenues) increase by an additional indeterminate but *significant* amount (not shown below) to provide supportive housing and health services, as discussed below. **This bill increases the cost of an entitlement program beginning in FY 2026.**

(in dollars)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
FF Revenue	\$144,900	\$248,100	\$259,100	\$270,600	\$282,200
GF/FF Exp.	\$289,800	\$496,100	\$518,100	\$541,300	\$564,300
Net Effect	(\$144,900)	(\$248,100)	(\$259,100)	(\$270,600)	(\$282,200)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: “Supportive housing and health services” means housing in which assistance, such as long-term leasing or rental assistance, and other supportive services are provided to assist individuals and households to achieve housing stability. “Supportive housing and health services” includes assistance with community transition costs, home accessibility modifications, housing and tenancy supports, and wraparound supportive services.

An individual seeking certification as a certified supportive housing and health services professional must complete an accredited training and certification program, as specified and maintain that certification. By January 1, 2026, MDH must approve at least one accredited training and certification program with specified components for certified housing and health services professionals.

An entity that employs or contracts with a certified supportive housing and health services professional must maintain documentation that the professional has met certification requirements and ensure that the professional provides services in compliance with any applicable standard of care, rule, regulation, and federal or State law.

The Secretary of Health must adopt regulations to carry out the bill. MDH must establish a stakeholder advisory committee, with specified membership, to advise the department on the development of regulations and procedures. The Secretary must consider the recommendations of the advisory committee when developing the required regulations.

If the waiver is not approved, the requirement to provide supportive housing and health services is null and void without the necessity of further action by the General Assembly. MDH, within five days after receiving approval or denial of the waiver, must forward a copy of the notice to the Department of Legislative Services.

Current Law: Medicaid generally provides health coverage to children, pregnant women, elderly or disabled individuals, low-income parents, and childless adults. To qualify for Medicaid, applicants must pass certain income and asset tests. Maryland Medicaid covers pregnant women with incomes up to 138% of the federal poverty level (FPL). Pregnant women with incomes between 138% and 264% FPL may also qualify based on their pregnancy under the Sixth Omnibus Budget Reconciliation Act of 1986 category. Effective July 1, 2023, Medicaid provides coverage to noncitizen pregnant women who would be eligible for Medicaid but for their immigration status.

Medicaid’s Assistance in Community Integration Services (ACIS) program has been in effect since July 1, 2017, under a § 1115(a) demonstration waiver. ACIS provides housing and tenancy-related services and supports to qualifying individuals experiencing housing

insecurity. To qualify for the pilot, Medicaid enrollees must meet certain health and housing needs-based criteria. Specifically, they must (1) have repeated emergency department visits or hospital admissions or two or more chronic health conditions and (2) be at risk of homelessness upon release from a health care facility, foster care or youth facility, or correctional program or institution, or at imminent risk of institutional placement.

Local health departments and other local government entities are eligible to apply to serve as lead entities and contract with local service providers to deliver services. Local funding and federal matching funds support the pilot program. No State funds are provided. ACIS expenditures may total up to \$7.2 million annually. The program currently has 900 slots allocated across Baltimore City, and Cecil, Montgomery, and Prince George's counties. The ACIS pilot is effective through December 31, 2026.

In January 2025, MDH received federal approval on its § 1115(a) demonstration waiver amendment requesting expansion of the ACIS program with 1,240 additional participant spaces bringing the total number of authorized participant spaces to 2,140. Additionally, ACIS was approved for an updated payment mechanism allowing the lead entities to submit claims through the Medicaid billing process. This increase in participant spaces will allow MDH to serve eligible Marylanders, including individuals with mental illness, substance use disorder, or disability.

State Fiscal Effect: Under the bill, MDH must apply, by October 1, 2025, for a federal waiver to provide supportive housing and health services under Medicaid. Should the waiver be granted, MDH must establish a stakeholder advisory committee to advise the department on regulations and procedures, consider the recommendations of the advisory committee, and adopt regulations to carry out the bill. Medicaid must provide supportive housing and health services to program recipients who (1) are experiencing homelessness or chronic homelessness; (2) require intensive case management; (3) have a chronic health condition or acute illness; and (4) require assistance with obtaining and maintaining housing as a direct result of a documented mental illness, substance use disorder, or disability, as specified. MDH must also approve at least one accredited training and certification program with specified components for certified housing and health services professionals.

Administrative Costs

To establish a stakeholder advisory committee, develop required regulations, and implement the new waiver program, MDH requires additional personnel. Thus, Medicaid expenditures increase by \$289,837 (50% general funds, 50% federal funds) in fiscal 2026, which reflects a January 1, 2026 start date for personnel to ensure the program is in place by July 1, 2026. This estimate reflects the cost to hire one division chief and four health

policy analysts to establish and implement the new waiver services. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Positions	5.0
Salaries and Fringe Benefits	\$254,374
Operating Expenses	<u>35,463</u>
Total FY 2026 Personnel Expenditures	\$289,837

Future year expenditures reflect full salaries with annual increases and employee turnover as well as annual increases in ongoing operating expenses.

Approval of Accredited Training and Certification Program

By January 1, 2026, MDH must also approve at least one accredited training and certification program with specified components for certified housing and health services professionals. Currently, the Developmental Disabilities Administration (DDA) ensures that service providers comply with their DDA contracts, which state that housing support service staff are trained and certified by an approved DDA vendor. MDH assumes that DDA will oversee certifications of professionals providing supportive housing and health services under the bill. This cost can be absorbed within existing budgeted resources.

Supportive Housing and Health Services

Assuming the waiver is approved, Medicaid expenditures (50% general funds, 50% federal funds) increase by an additional indeterminate but *significant* amount in fiscal 2027 to provide supportive housing and health services to program recipients. A specific estimate cannot be reliably made at this time as it is unknown how many Medicaid enrollees will receive services, which specific services will be available, and which of those services each participant will utilize in any given year.

Under the bill, Medicaid must provide supportive housing and health services, such as long-term leasing or rental assistance, assistance with community transition costs, home accessibility modifications, and housing and tenancy supports and wraparound supportive services. Medicaid estimates that the cost of these services per participant will be as follows:

- housing and tenancy supports and wraparound services provided for 12 months at an annual rate of \$8,700 (consistent with historical ACIS costs);
- long-term leasing or rental assistance at a cost of \$11,328 per participant (for a total 6 months of services at \$1,888 per month) on a one-time basis;

- home accessibility modifications at a cost of \$569 for an environmental assessment and an average of \$6,009 per participant for adaptations on a one-time basis; and
- one-time community transition assistance at a cost of up to \$5,000 per participant on a one-time basis.

Thus, Medicaid estimates per-participant costs for the first year of the program at approximately \$31,606, with ongoing annual costs of \$8,700 for housing and tenancy supports and wraparound services alone. New entrants to the program would cost an estimated \$31,606 for their first year in the program.

For illustrative purposes only, should these costs per participant be realized, for every cohort of 1,000 participants, services costs could be \$31.6 million initially, and \$8.7 million annually thereafter.

Additional Information

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

Designated Cross File: None.

Information Source(s): Kent and Montgomery counties; Maryland Association of Counties; Maryland Department of Health; Department of Housing and Community Development; Department of Legislative Services

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