

HOUSE BILL 772

J3, J1

(6lr2474)

ENROLLED BILL
— Health/Finance —

Introduced by **Delegates Shetty, Ruff, Bagnall, Cullison, Edelson, Forbes, Guzzone, S. Johnson, D. Jones, and ~~McCaskill~~ McCaskill, Alston, Hill, Kaufman, Lopez, Martinez, Rosenberg, Ross, Taveras, White Holland, and Woorman**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this _____ day of _____ at _____ o'clock, _____ M.

Speaker.

CHAPTER _____

1 AN ACT concerning

2 ~~Workgroup on Behavioral Health Rate Methodology Modernization –~~
3 Workgroup Establishment and Study

4 FOR the purpose of requiring the Maryland Department of Health, rather than the
5 Behavioral Health Administration and the Medical Care Programs Administration,
6 to conduct a certain rate-setting study; requiring the Department to review and
7 implement certain recommendations and administer certain tools and oversee
8 certain submissions required to support a certain study; requiring the Maryland
9 Health Care Commission to assist the Department with the facilitation of a certain
10 study; altering the date by which the rate-setting study is to be completed; requiring
11 the Secretary of Health, or the Secretary's designee, to designate a representative of
12 the Administration to be a certain technical liaison; authorizing the Commission,
13 rather than the Department, to require community providers to submit certain

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.

Italics indicate opposite chamber/conference committee amendments.



1 information for the completion of a certain report; altering certain requirements
 2 related to the submission of a certain interim report and when certain annual reports
 3 must be submitted; establishing the Workgroup on Behavioral Health Rate
 4 Methodology Modernization in the ~~Maryland Health Care~~ Commission to develop
 5 certain reimbursement methodologies for certified community behavioral health
 6 clinics ~~and~~, outpatient mental health centers, and independent outpatient providers;
 7 and generally relating to behavioral health rate methodology modernization.

8 BY repealing and reenacting, with amendments,

9 Article – Health – General

10 Section 16–201.3(e) and (h)

11 Annotated Code of Maryland

12 (2023 Replacement Volume and 2025 Supplement)

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

15 Article – Health – General

16 16–201.3.

17 (e) (1) IN THIS SUBSECTION, “COMMISSION” MEANS THE MARYLAND
 18 HEALTH CARE COMMISSION.

19 [(1)] (2) [The Behavioral Health Administration and the Medical Care
 20 Programs Administration jointly] ON OR BEFORE JUNE 30, 2028, THE DEPARTMENT
 21 shall:

22 (i) Conduct an independent cost–driven, rate–setting study to set
 23 community provider rates for community–based behavioral health services that includes a
 24 rate analysis and an impact study that considers the actual cost of providing
 25 community–based behavioral health services;

26 [(ii) Develop and implement a payment system incorporating the
 27 findings of the rate–setting study conducted under item (i) of this paragraph, including
 28 projected costs of implementation and recommendations to address any potential shortfall
 29 in funding; and]

30 (II) REVIEW AND IMPLEMENT THE RECOMMENDATIONS OF THE
 31 WORKGROUP ON BEHAVIORAL HEALTH RATE METHODOLOGY MODERNIZATION
 32 ESTABLISHED BY CHAPTER (H.B. 772) OF THE ACTS OF THE GENERAL
 33 ASSEMBLY OF 2026; AND

34 (III) ADMINISTER COST–REPORTING TOOLS AND OVERSEE
 35 COST–REPORT SUBMISSIONS REQUIRED TO SUPPORT THE STUDY REQUIRED UNDER
 36 ITEM (I) OF THIS PARAGRAPH.

1 **(3) THE COMMISSION SHALL ASSIST THE DEPARTMENT WITH THE**
2 **FACILITATION OF THE RATE-SETTING STUDY REQUIRED UNDER PARAGRAPH (2)(I)**
3 **OF THIS SUBSECTION, INCLUDING BY:**

4 **[(iii)] (I) [Consult] CONSULTING with stakeholders, including**
5 **community providers and individuals receiving services[, in conducting the rate-setting**
6 **study and developing the payment system required by this paragraph]; AND**

7 **(II) PROVIDING ANALYTICAL SUPPORT AND TECHNICAL**
8 **ASSISTANCE.**

9 **(4) THE BEHAVIORAL HEALTH ADMINISTRATION AND THE MEDICAL**
10 **CARE PROGRAMS ADMINISTRATION JOINTLY SHALL:**

11 **(I) DEVELOP AND IMPLEMENT A PAYMENT SYSTEM**
12 **INCORPORATING THE FINDINGS OF THE RATE-SETTING STUDY CONDUCTED UNDER**
13 **PARAGRAPH (2)(I) OF THIS SUBSECTION; AND**

14 **(II) CONSULT WITH STAKEHOLDERS, INCLUDING COMMUNITY**
15 **PROVIDERS AND INDIVIDUALS RECEIVING SERVICES, IN DEVELOPING THE PAYMENT**
16 **SYSTEM REQUIRED UNDER ITEM (I) OF THIS PARAGRAPH.**

17 **[(2)] (2) The Administration, on or before September 30, 2019, shall complete**
18 **the study required under paragraph (1)(i) of this subsection.]**

19 **[(3)] (5) The Administration shall adopt regulations to implement the**
20 **payment system required by paragraph [(1)] (4)(I) of this subsection.**

21 **(6) (I) THE SECRETARY, OR THE SECRETARY'S DESIGNEE, SHALL**
22 **DESIGNATE A REPRESENTATIVE OF THE ADMINISTRATION TO SERVE AS A**
23 **TECHNICAL LIAISON BETWEEN THE DEPARTMENT AND THE COMMISSION.**

24 **(II) THE TECHNICAL LIAISON SHALL:**

25 **1. PROVIDE TECHNICAL INPUT FOR THE COMPLETION**
26 **OF THE STUDY REQUIRED UNDER PARAGRAPH (2)(I) OF THIS SUBSECTION**
27 **REGARDING MEDICAID POLICY, BEHAVIORAL HEALTH REIMBURSEMENT**
28 **STRUCTURES, AND EXISTING DATA SOURCES;**

29 **2. ENSURE CONTINUITY BETWEEN THE DEPARTMENT'S**
30 **WORK REGARDING THE COMPLETION OF THE STUDY REQUIRED UNDER PARAGRAPH**
31 **(2)(I) OF THIS SUBSECTION AND THE COMMISSION'S FACILITATION OF THE**
32 **WORKGROUP ON BEHAVIORAL HEALTH RATE METHODOLOGY MODERNIZATION**

1 ESTABLISHED UNDER CHAPTER _____ (H.B. 772) OF THE ACTS OF THE GENERAL
 2 ASSEMBLY OF 2026; AND

3 3. COORDINATE THE COMMISSION'S ACCESS TO
 4 EXISTING ANALYTICAL WORK OR STUDY PREPARATION THAT HAS BEEN COMPLETED
 5 BY THE DEPARTMENT IN COMPLYING WITH PARAGRAPH (2) OF THIS SUBSECTION.

6 (h) (1) On or before [December] JANUARY 1, [2018] 2028, the [Department]
 7 COMMISSION shall submit an interim report to the Governor and, in accordance with §
 8 2–1257 of the State Government Article, the General Assembly on [the]:

9 (I) THE delivery system through which community-based
 10 behavioral health services should be provided;

11 (II) THE STATUS OF THE IMPLEMENTATION OF THE
 12 RECOMMENDATIONS OF THE WORKGROUP ON BEHAVIORAL HEALTH RATE
 13 METHODOLOGY MODERNIZATION ESTABLISHED UNDER CHAPTER _____ (H.B. 772)
 14 OF THE ACTS OF THE GENERAL ASSEMBLY OF 2026; and [any]

15 (III) ANY preliminary recommendations regarding the payment
 16 system required under this section.

17 (2) On or before December 1, [2019] 2028, and on or before December 1
 18 each year thereafter, the [Department] COMMISSION shall submit a report to the
 19 Governor and, in accordance with § 2–1257 of the State Government Article, the General
 20 Assembly on the impact of the rate adjustments and the payment system required under
 21 this section on community providers, including the impact on:

22 (i) The wages and salaries paid and the benefits provided to direct
 23 care staff and licensed clinicians employed by community providers;

24 (ii) The tenure and turnover of direct care staff and licensed
 25 clinicians employed by community providers; and

26 (iii) The ability of community providers to recruit qualified direct
 27 care staff and licensed clinicians.

28 (3) The [Department] COMMISSION may require a community provider to
 29 submit, in the form and manner required by the [Department] COMMISSION, information
 30 that the [Department] COMMISSION considers necessary for completion of the report
 31 required under paragraph (2) of this subsection.

32 SECTION 2. AND BE IT FURTHER ENACTED, That:

1 (a) There is a Workgroup on Behavioral Health Rate Methodology Modernization
2 in the Maryland Health Care Commission.

3 (b) The purpose of the Workgroup is to develop transparent, cost-based
4 reimbursement methodologies for certified community behavioral health clinics ~~and~~,
5 outpatient mental health centers, and independent outpatient providers using federally
6 required and existing cost-study data as the foundation for future rate reform.

7 (c) The Workgroup consists of the following members:

8 (1) ~~two members~~ one member of the Senate of Maryland, appointed by the
9 President of the Senate;

10 (2) ~~two members~~ one member of the House of Delegates, appointed by the
11 Speaker of the House;

12 (3) the Executive Director of the Maryland Health Care Commission, or the
13 Executive Director's designee;

14 (4) one representative of the Maryland Medical Assistance Program,
15 designated by the Secretary of Health;

16 (5) ~~one the~~ one representative of the Behavioral Health Administration,
17 ~~appointed by the Secretary of Health~~ designated as technical liaison under § 16-201.3(e)(6)
18 of the Health – General Article, as enacted by Section 1 of this Act;

19 (6) three representatives of community behavioral health providers
20 designated by the Community Behavioral Health Association of Maryland, including:

21 (i) at least one provider from a certified community behavioral
22 health clinic participating in the federal demonstration; and

23 (ii) at least one provider from an outpatient mental health center;
24 ~~and~~

25 (7) one representative of the Licensed Clinical Professional Counselors of
26 Maryland, designated by the President of the Association; ~~and~~

27 (8) one representative of MedChi, the Maryland State Medical Society,
28 designated by the Executive Director of MedChi; and

29 ~~(7) (8) (9)~~ (9) the following members, jointly appointed by the Speaker of the
30 House and the President of the Senate:

31 (i) one representative of a statewide hospital association;

32 (ii) one representative of a specialty psychiatric hospital;

1 (iii) one representative of a consumer or peer-led behavioral health
2 advocacy organization;

3 (iv) one independent actuarial or health-economics expert with
4 Medicaid experience; and

5 (v) any additional members determined necessary by the cochairs in
6 consultation with the Workgroup.

7 (d) The President of the Senate and the Speaker of the House jointly shall
8 designate one legislative member and one provider member to serve as cochairs of the
9 Workgroup.

10 (e) The Maryland Health Care Commission, in consultation with the Maryland
11 Department of Health, the Department of Legislative Services, and the Community
12 Behavioral Health Association of Maryland, shall provide staff for the Workgroup.

13 (f) A member of the Workgroup:

14 (1) may not receive compensation as a member of the Workgroup; but

15 (2) is entitled to reimbursement for expenses under the Standard State
16 Travel Regulations, as provided in the State budget.

17 (g) The Workgroup shall:

18 (1) use the federally required certified community behavioral health clinic
19 cost study as the baseline dataset for evaluating outpatient mental health service costs in
20 the State;

21 (2) review and analyze cost drivers for outpatient behavioral health
22 services, including:

23 (i) staffing mix and workforce models;

24 (ii) medical director and clinical supervision requirements;

25 (iii) contractor versus salaried ~~employment~~ structures;

26 (iv) geographic and volume variation; ~~and~~

27 (v) compliance with State and federal regulatory requirements,
28 including COMAR 10.63; ~~and~~

29 (vi) differentiation of costs between nonprofit and for-profit
30 organizations;

1 (vii) ratio of services delivered by telehealth; and

2 (viii) size and volume of group-based services;

3 (3) approve methodologies for analyzing outpatient costs and the Maryland
4 Department of Health's completion of the study required under § 16-201.3(e)(2)(i) of the
5 Health – General Article, as enacted by Section 1 of this Act, that include:

6 (i) cost reporting structures;

7 (ii) sampling methodologies that exclude all programs founded after
8 2020;

9 (iii) allocation of overhead and administrative costs;

10 (iv) differentiation of the treatment of revenues of providers that are
11 from Medicaid and sources other than Medicaid; and

12 (v) modeling approaches used to estimate sustainable
13 reimbursement rates;

14 ~~(3)~~ (4) evaluate reimbursement methodologies used in other states and
15 federal demonstration programs;

16 ~~(4)~~ (5) (i) subject to item (ii) of this item, develop one or more cost-based,
17 rate-setting methodologies applicable to both certified community behavioral health clinics
18 and, outpatient mental health centers, and independent outpatient providers that include:

19 1. re-evaluating and rebasing reimbursement rates under
20 the Certified Community Behavioral Health Clinic Payment Model in demonstration year
21 two and every 3 years thereafter;

22 2. assumptions, cost-model components, and inflationary
23 adjustments; and

24 3. integration of data and analyses produced under the
25 cost-driven rate-setting study required under § 16-201.3(e)(2)(i) of the Health – General
26 Article, as enacted by Section 1 of this Act, to the extent the data and analyses are available;
27 and

28 (ii) build on all previously completed and ongoing cost-reporting and
29 analytical work related to setting community provider rates for community-based
30 behavioral health services in developing methodologies under item (i) of this item,
31 including, to the extent available:

1 1. the independent cost-driven analysis required under §
 2 16-201.3(e)(2)(i) of the Health – General Article, as enacted by Section 1 of this Act;

3 2. the certified community behavioral health clinic cost and
 4 rate study required by the 2025 Joint Chairmen’s Report; and

5 3. cost reporting tools and submission review processes
 6 required under § 16-201.3(e)(2)(iii) of the Health – General Article, as enacted by Section
 7 1 of this Act;

8 ~~(5)~~ (6) ensure all recommended methodologies comply with both federal
 9 Medicaid financing rules and the Medicaid Upper Payment Limit and provide
 10 recommendations on strategies to implement the recommended methodologies while
 11 remaining compliant with federal requirements;

12 ~~(6)~~ (7) identify any regulatory or statutory barriers to statewide
 13 implementation of cost-based, rate-setting methodologies; and

14 ~~(7)~~ (8) propose options for phased statewide implementation of cost-based,
 15 rate-setting methodologies when fiscal conditions allow.

16 ~~(g)~~ (h) (1) On or before ~~December 1, 2026~~ June 1, 2027, the Workgroup shall
 17 submit an interim report to the Governor and, in accordance with § 2-1257 of the State
 18 Government Article, the General Assembly.

19 (2) On or before ~~October~~ December 1, 2027, the Workgroup shall submit a
 20 final report to the Governor and, in accordance with § 2-1257 of the State Government
 21 Article, the General Assembly that includes:

22 (i) recommended rate-setting methodologies;

23 (ii) assumption and cost-model components;

24 (iii) options for phased implementation;

25 (iv) estimated fiscal considerations; and

26 (v) any recommended statutory or regulatory changes.

27 ~~(h)~~ (i) This section does not:

28 (1) require an immediate rate increase;

29 (2) mandate an appropriation; or

30 (3) create a fiscal obligation in the absence of subsequent legislative or
 31 budgetary action.

1 SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 July 1, 2026. ~~It~~ Section 2 of this Act shall remain effective for a period of 2 years and, at
3 the end of June 30, 2028, Section 2 of this Act, with no further action required by the
4 General Assembly, shall be abrogated and of no further force and effect.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.