

HOUSE BILL 772

J3, J1

6lr2474

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

Introduced and read first time: February 4, 2026

Assigned to: Health

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 7, 2026

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
14 information for the completion of a certain report; altering certain requirements
15 related to the submission of a certain interim report and when certain annual reports
16 must be submitted; establishing the Workgroup on Behavioral Health Rate
17 Methodology Modernization in the ~~Maryland Health Care~~ Commission to develop
18 certain reimbursement methodologies for certified community behavioral health
19 clinics ~~and~~, outpatient mental health centers, and independent outpatient providers;
20 and generally relating to behavioral health rate methodology modernization.

21 BY repealing and reenacting, with amendments,

22 Article – Health – General

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.



1 Section 16–201.3(e) and (h)
2 Annotated Code of Maryland
3 (2023 Replacement Volume and 2025 Supplement)

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

6 **Article – Health – General**

7 16–201.3.

8 **(e) (1) IN THIS SUBSECTION, “COMMISSION” MEANS THE MARYLAND**
9 **HEALTH CARE COMMISSION.**

10 **[(1)] (2) [The Behavioral Health Administration and the Medical Care**
11 **Programs Administration jointly] ON OR BEFORE JUNE 30, 2028, THE DEPARTMENT**
12 **shall:**

13 **(i) Conduct an independent cost–driven, rate–setting study to set**
14 **community provider rates for community–based behavioral health services that includes a**
15 **rate analysis and an impact study that considers the actual cost of providing**
16 **community–based behavioral health services;**

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

21 **(II) REVIEW AND IMPLEMENT THE RECOMMENDATIONS OF THE**
22 **WORKGROUP ON BEHAVIORAL HEALTH RATE METHODOLOGY MODERNIZATION**
23 **ESTABLISHED BY CHAPTER _____ (H.B. 772) OF THE ACTS OF THE GENERAL**
24 **ASSEMBLY OF 2026; AND**

25 **(III) ADMINISTER COST–REPORTING TOOLS AND OVERSEE**
26 **COST–REPORT SUBMISSIONS REQUIRED TO SUPPORT THE STUDY REQUIRED UNDER**
27 **ITEM (I) OF THIS PARAGRAPH.**

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

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

1 (II) PROVIDING ANALYTICAL SUPPORT AND TECHNICAL
2 ASSISTANCE.

3 (4) THE BEHAVIORAL HEALTH ADMINISTRATION AND THE MEDICAL
4 CARE PROGRAMS ADMINISTRATION JOINTLY SHALL:

5 (I) DEVELOP AND IMPLEMENT A PAYMENT SYSTEM
6 INCORPORATING THE FINDINGS OF THE RATE-SETTING STUDY CONDUCTED UNDER
7 PARAGRAPH (2)(I) OF THIS SUBSECTION; AND

8 (II) CONSULT WITH STAKEHOLDERS, INCLUDING COMMUNITY
9 PROVIDERS AND INDIVIDUALS RECEIVING SERVICES, IN DEVELOPING THE PAYMENT
10 SYSTEM REQUIRED UNDER ITEM (I) OF THIS PARAGRAPH.

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

13 [(3)] (5) The Administration shall adopt regulations to implement the
14 payment system required by paragraph [(1)] (4)(I) of this subsection.

15 (6) (I) THE SECRETARY, OR THE SECRETARY'S DESIGNEE, SHALL
16 DESIGNATE A REPRESENTATIVE OF THE ADMINISTRATION TO SERVE AS A
17 TECHNICAL LIAISON BETWEEN THE DEPARTMENT AND THE COMMISSION.

18 (II) THE TECHNICAL LIAISON SHALL:

19 1. PROVIDE TECHNICAL INPUT FOR THE COMPLETION
20 OF THE STUDY REQUIRED UNDER PARAGRAPH (2)(I) OF THIS SUBSECTION
21 REGARDING MEDICAID POLICY, BEHAVIORAL HEALTH REIMBURSEMENT
22 STRUCTURES, AND EXISTING DATA SOURCES;

23 2. ENSURE CONTINUITY BETWEEN THE DEPARTMENT'S
24 WORK REGARDING THE COMPLETION OF THE STUDY REQUIRED UNDER PARAGRAPH
25 (2)(I) OF THIS SUBSECTION AND THE COMMISSION'S FACILITATION OF THE
26 WORKGROUP ON BEHAVIORAL HEALTH RATE METHODOLOGY MODERNIZATION
27 ESTABLISHED UNDER CHAPTER ____ (H.B. 772) OF THE ACTS OF THE GENERAL
28 ASSEMBLY OF 2026; AND

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

1 (h) (1) On or before [December] JANUARY 1, [2018] 2028, the [Department]
 2 COMMISSION shall submit an interim report to the Governor and, in accordance with §
 3 2–1257 of the State Government Article, the General Assembly on [the]:

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

6 (II) THE STATUS OF THE IMPLEMENTATION OF THE
 7 RECOMMENDATIONS OF THE WORKGROUP ON BEHAVIORAL HEALTH RATE
 8 METHODOLOGY MODERNIZATION ESTABLISHED UNDER CHAPTER (H.B. 772)
 9 OF THE ACTS OF THE GENERAL ASSEMBLY OF 2026; and [any]

10 (III) ANY preliminary recommendations regarding the payment
 11 system required under this section.

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

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

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

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

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

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

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

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

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

1 (1) two members of the Senate of Maryland, appointed by the President of
2 the Senate;

3 (2) two members of the House of Delegates, appointed by the Speaker of
4 the House;

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

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

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

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

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

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

18 (7) one representative of the Licensed Clinical Professional Counselors of
19 Maryland, designated by the President of the Association; and

20 ~~(7)~~ (8) the following members, jointly appointed by the Speaker of the House
21 and the President of the Senate:

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

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

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

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

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

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

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

7 (f) A member of the Workgroup:

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

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

11 (g) The Workgroup shall:

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

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

17 (i) staffing mix and workforce models;

18 (ii) medical director and clinical supervision requirements;

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

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

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

23 (vi) differentiation of costs between nonprofit and for-profit
24 organizations;

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

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

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

30 (i) cost reporting structures;

- 1 (ii) sampling methodologies that exclude all programs founded after
2 2020;
- 3 (iii) allocation of overhead and administrative costs;
- 4 (iv) differentiation of the treatment of revenues of providers that are
5 from Medicaid and sources other than Medicaid; and
- 6 (v) modeling approaches used to estimate sustainable
7 reimbursement rates;
- 8 ~~(3)~~ (4) evaluate reimbursement methodologies used in other states and
9 federal demonstration programs;
- 10 ~~(4)~~ (5) (i) subject to item (ii) of this item, develop one or more cost-based,
11 rate-setting methodologies applicable to both certified community behavioral health clinics
12 and, outpatient mental health centers, and independent outpatient providers that include:
- 13 1. re-evaluating and rebasing reimbursement rates under
14 the Certified Community Behavioral Health Clinic Payment Model in demonstration year
15 two and every 3 years thereafter;
- 16 2. assumptions, cost-model components, and inflationary
17 adjustments; and
- 18 3. integration of data and analyses produced under the
19 cost-driven rate-setting study required under § 16-201.3(e)(2)(i) of the Health – General
20 Article, as enacted by Section 1 of this Act, to the extent the data and analyses are available;
21 and
- 22 (ii) build on all previously completed and ongoing cost-reporting and
23 analytical work related to setting community provider rates for community-based
24 behavioral health services in developing methodologies under item (i) of this item,
25 including, to the extent available:
- 26 1. the independent cost-driven analysis required under §
27 16-201.3(e)(2)(i) of the Health – General Article, as enacted by Section 1 of this Act;
- 28 2. the certified community behavioral health clinic cost and
29 rate study required by the 2025 Joint Chairmen’s Report; and
- 30 3. cost reporting tools and submission review processes
31 required under § 16-201.3(e)(2)(iii) of the Health – General Article, as enacted by Section
32 1 of this Act;

1 ~~(5)~~ (6) ensure all recommended methodologies comply with both federal
 2 Medicaid financing rules and the Medicaid Upper Payment Limit and provide
 3 recommendations on strategies to implement the recommended methodologies while
 4 remaining compliant with federal requirements;

5 ~~(6)~~ (7) identify any regulatory or statutory barriers to statewide
 6 implementation of cost-based, rate-setting methodologies; and

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

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

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

- 15 (i) recommended rate-setting methodologies;
- 16 (ii) assumption and cost-model components;
- 17 (iii) options for phased implementation;
- 18 (iv) estimated fiscal considerations; and
- 19 (v) any recommended statutory or regulatory changes.

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

- 21 (1) require an immediate rate increase;
- 22 (2) mandate an appropriation; or
- 23 (3) create a fiscal obligation in the absence of subsequent legislative or
 24 budgetary action.

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