

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 71

Health

(Delegate Sample-Hughes)

Maryland Medical Assistance Program - Psychiatric Rehabilitation Program Services - Reimbursement (Youth Psychiatric Rehabilitation Parity Act of 2026)

This bill requires the Maryland Department of Health (MDH) to adopt regulations requiring Medicaid to reimburse a psychiatric rehabilitation program (PRP) for community psychiatric support services for a minimum of six and a maximum of 30 services per month. Reimbursement must be provided for services delivered on-site or off-site to an individual (1) with a serious emotional disturbance or a serious and persistent mental disorder; (2) whose functioning is severely impaired; and (3) who is living with a parent, guardian, or relative who is legally responsible for the individual's care. MDH must adopt the regulations by December 1, 2026. **The bill takes effect June 1, 2026.**

Fiscal Summary

State Effect: Medicaid expenditures increase by an estimated \$74.7 million (60% federal funds, 40% general funds) annually beginning in FY 2027 for additional reimbursement of PRP services, as discussed below. Federal fund revenues increase accordingly. **This bill increases the cost of an entitlement program beginning in FY 2027.**

(\$ in millions)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
FF Revenue	\$44.8	\$44.8	\$44.8	\$44.8	\$44.8
GF/FF Exp.	\$74.7	\$74.7	\$74.7	\$74.7	\$74.7
Net Effect	(\$29.9)	(\$29.9)	(\$29.9)	(\$29.9)	(\$29.9)

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

Local Effect: To the extent local governments provide PRP services, local expenditures may increase to adjust current service delivery processes. Local revenues increase to the extent Medicaid is billed for such services.

Small Business Effect: Meaningful.

Analysis

Current Law: Medicaid PRP provides community-based psychiatric rehabilitation services to facilitate recovery by supporting individuals to develop skills and access resources necessary for full participation in the community. Services are billed monthly, with reimbursement rates varying by setting and the number of encounters per month. For example, there is a rate for two or more encounters per month (the base rate) and separate monthly rates based on the number of encounters up to six (the highest rate). Currently, Medicaid PRP providers may bill for a minimum of two encounters per month with no maximum. Additional services can be authorized based on medical necessity.

State Fiscal Effect: The bill increases the minimum number of services that must be provided to individuals receiving PRP services from two to six and institutes a maximum of 30 monthly PRP services. Medicaid expenditures increase by an estimated \$74.7 million (60% federal funds, 40% general funds) on an annual basis. Federal fund revenues increase accordingly. This estimate is based on the following information and assumptions:

- Requiring a minimum of six PRP services places all PRP recipients into the highest Medicaid rate (six encounters per month), regardless of their needs.
- Based on the difference between the current average cost per PRP participant per month (\$1,062) and the monthly rate for six encounters (\$1,206), per participant costs increase by \$143.88 per month.
- In fiscal 2025, 64,902 Medicaid participants received PRP services for an average of eight months per year.

To the extent Medicaid does not implement the required regulations until after they are promulgated, Medicaid costs increase by a lesser amount. For example, if the regulations are implemented effective January 1, 2027, Medicaid expenditures increase by an estimated \$37.4 million (60% federal funds, 40% general funds) in fiscal 2027.

Future years assume no change in the number of PRP recipients, in the average number of months services are received per participant, or to underlying PRP rates.

Medicaid advises that increasing the minimum number of PRP services from two to six may not align with medical necessity and Medicaid does not reimburse for services that are not medically necessary.

Establishing a maximum of 30 monthly PRP services does not have a definitive fiscal impact. However, Medicaid advises that it may conflict with (1) federal Early and Periodic Screening, Diagnostic, and Treatment provisions, which entitle beneficiaries younger than age 22 to medically necessary services without caps on the number of such

services and (2) the federal Mental Health Parity and Addiction Equity Act, which prohibits stricter limitations on behavioral health benefits relative to medical and surgical benefits.

Small Business Effect: Small business PRP providers are required to provide a minimum of six PRP services (up from the current two) but receive additional reimbursement.

Additional Comments: MDH advises that the December 1, 2026 deadline to promulgate the required regulations does not give sufficient time to develop the regulations, conduct an informal comment period, and secure departmental approval.

Additional Information

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

Designated Cross File: None.

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

Fiscal Note History: First Reader - February 8, 2026
caw/ljm

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