

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 444
Finance

(Senator Kramer)

Certificate of Need - Intermediate Health Care Facilities

This bill repeals the current exemption from a certificate of need (CON) for a change in bed capacity at an intermediate care facility that offers residential or intensive substance-related disorder treatment services and has a current license issued by the Secretary of Health. Instead, the bill specifies that a CON is not required to establish, operate, or change the bed capacity at an intermediate care facility that offers medically managed residential substance use disorder treatment services (American Society of Addiction Medicine (ASAM) Level 3.7 programs) if (1) written notice of the intent to establish or operate the facility or change bed capacity is filed with the Maryland Health Care Commission (MHCC) at least 45 days in advance and (2) MHCC finds that the proposed facility or change in bed capacity is not inconsistent with the State Health Plan, will result in the delivery of more efficient and effective health care services, and is in the public interest.

Fiscal Summary

State Effect: Any additional workload on MHCC can be handled with existing budgeted resources. Revenues are not affected.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law:

Certificate of Need

The CON program, located within 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 service is

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

Substance-related Disorder Treatment Programs

Maryland regulations (COMAR 10.63.03) specify the accreditation-based licensure criteria for substance-related disorder treatment programs. ASAM Level 3.7 programs are residential-intensive programs that provide medically monitored, intensive treatment in an intermediate residential care facility for a minimum of 36 hours of therapeutic services per week on a planned regimen of 24-hour evaluation, care, and treatment that meets the requirements for withdrawal management services.

Additional Information

Recent Prior Introductions: Similar legislation has been introduced within the last three years. See HB 1515 of 2025.

Designated Cross File: HB 498 (Delegate Cullison) - Health.

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

Fiscal Note History: First Reader - February 9, 2026
sj/jc

Analysis by: Amberly E. Holcomb

Direct Inquiries to:
(410) 946-5510
(301) 970-5510