

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 878
Finance

(Senator Attar)

Health Facilities - Certified Recovery Residences - Unannounced Inspections

This bill requires the Maryland Department of Health (MDH) to conduct at least two unannounced on-site inspections of each certified recovery residence annually to ensure compliance with statutory and regulatory requirements. Unannounced inspections must be in addition to the inspection for recertification. If, after an unannounced inspection, MDH determines that a certified recovery residence is not in compliance with requirements, MDH must provide notice to the certified recovery residence of its deficiencies and allow one month from the notice to address them. If the certified recovery residence fails to take corrective action within one month, MDH may instruct the credentialing entity to revoke the recovery residence's certification.

Fiscal Summary

State Effect: MDH general fund expenditures increase by at least \$373,600 beginning in FY 2027 for staff to conduct inspections. Future years reflect annualization and ongoing costs. Revenues are not affected.

(in dollars)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	373,600	434,900	455,300	475,800	496,500
Net Effect	(\$373,600)	(\$434,900)	(\$455,300)	(\$475,800)	(\$496,500)

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

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: A recovery residence is a service that provides alcohol- and drug-free housing to individuals with substance-related disorders or addictive disorders (including those that co-occur with mental disorders) and does not include clinical treatment services.

MDH designated the Behavioral Health Administration as the approved credentialing entity for recovery residences, pursuant to Chapters 710 and 711 of 2016. The Maryland Certification of Recovery Residences oversees the application, certification, recertification, monitoring, and inspection of recovery residences to improve the quality of services. Maryland RecoveryNet partners with service providers across the State to fund access to recovery support services for individuals seeking treatment for substance use and co-occurring disorders.

Chapter 580 of 2017 (the Recovery Residence Residential Rights Protection Act) requires MDH to publish a list of each recovery residence operating in each county of the State on its website with indicators as to whether the owner of a recovery residence has received a valid certificate of compliance.

A certificate of compliance is valid for one year from the date of issuance. The credentialing entity may revoke the certificate of compliance if the credentialing entity finds that the recovery residence is not in compliance with requirements.

State Expenditures: MDH advises that, as of January 2026, there were 278 recovery residences located throughout the State. Under the bill, MDH must conduct *at least* 556 additional unannounced inspections annually (at least two for each recovery residence). If any deficiencies are found during an inspection, MDH must notify the recovery residence and confirm that any deficiencies are corrected within 30 days. If deficiencies are not corrected, MDH may instruct the credentialing entity to revoke the recovery residence's certification.

MDH advises that these tasks would require 11 additional staff – eight full-time special program coordinators to conduct inspections, two administrative officers to provide support, and one administrator to train staff. When including salaries, fringe benefits, and travel expenses, MDH general fund expenditures would increase by approximately \$1.1 million beginning in fiscal 2027. The Department of Legislative Services (DLS) disagrees. There are already three field assessors and one manager responsible for certifying recovery residences and reviewing applications, and those individuals can likely help with administrative support and training new special program coordinators to conduct inspections. However, the work of conducting inspections would require *at least* five additional full-time staff.

Thus, MDH general fund expenditures increase by *at least* \$373,622 in fiscal 2027, which accounts for the bill's October 1, 2026 effective date. This estimate reflects the cost of hiring five special program coordinators to perform inspections, notify recovery residences of deficiencies, and conduct any required follow-up. It includes salaries, fringe benefits, one-time start-up costs, travel expenses, and ongoing operating expenses.

Positions	5.0
Salaries and Fringe Benefits	\$324,918
Operating Expenses	<u>48,704</u>
Total FY 2027 State Expenditures	\$373,622

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

DLS advises that, should the number of recovery residences grow significantly or the number of recovery residences with deficiencies be higher than anticipated, additional special program coordinators may be necessary to conduct the additional inspections. Each additional special program coordinator would cost more than \$80,000 annually, including salary, fringe benefits, travel, and ongoing costs.

Additional Information

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

Designated Cross File: HB 448 (Delegate Rosenberg, *et al.*) - Health.

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

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sj/jc

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