



DEPARTMENT OF HEALTH

Wes Moore, Governor · Aruna Miller, Lt. Governor · Laura Herrera Scott, M.D., M.P.H., Secretary

March 7, 2023

The Honorable Melony Griffith
Chair, Finance Committee
3 East, Miller Senate Office Building
Annapolis, MD 21401-1991

RE: SB 581 – Behavioral Health Care Coordination Value-Based Purchasing Pilot Program – Letter of Information

Dear Chair Griffith and Committee Members:

The Maryland Department of Health (MDH) respectfully submits this letter of information for Senate Bill (SB) 581 – Behavioral Health Care Coordination Value-Based Purchasing Pilot Program. SB 581 establishes a Behavioral Health Care Coordination Value-Based Purchasing Pilot Program (Program) and requires MDH to administer the program to 500 adults at risk of hospital emergency department utilization or inpatient psychiatric hospital admission over a three-year period. To implement the program, SB 581 mandates an appropriation of \$600,000 for fiscal years 2025 through 2027.

MDH notes that there are several important and complex considerations to study prior to establishing the Program. MDH will need to examine the different value based rate methodologies to ensure rates match the value expected of the service line and do not reduce or inflate costs in other service lines. MDH will also need to determine what the impact is on medical necessity criteria. Furthermore, the implications of paying for the service through the administrative service organization, including the monitoring and adjusting of claims and having an effective audit methodology, will be important considerations. Lastly, the selection criteria of the specific service line(s) as well as provider selection to perform the pilot will require careful consideration.

A feasibility study to implement a value based pilot program would inform an appropriate approach to understand the interaction of the special considerations noted above. To this end, MDH is currently undertaking the process of Behavioral Health Rate setting which includes a provider cost review process prior to reviewing methodologies for setting future rates which will include examination of value-based purchasing options. Additionally, MDH is focused on cost-based behavioral health rate setting as required by the Heroin and Opioid Prevention Effort (HOPE) and Treatment Act of 2017 (Chapters 571 and 572 of the Acts of 2017).

If you would like to discuss this further, please do not hesitate to contact Megan Peters, Acting Director of Governmental Affairs at megan.peters@maryland.gov or (410) 260-3190.

Sincerely,

Laura Herrera Scott, M.D., M.P.H.
Secretary