



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

March 6, 2024

The Honorable Joseline A. Peña-Melnyk
Chair, House Health and Government Operations Committee
241 House Office Building
Annapolis, MD 21401-1991

Re: House Bill 1040 – Medical Assistance Program – Limited Behavioral Health Services – Letter of Opposition

Dear Chair Peña-Melnyk and Committee Members:

The Maryland Department of Health (Department) respectfully submits this letter of opposition for House Bill (HB) 1040 – Medical Assistance Program – Limited Behavioral Health Services. HB 1040 would require the Department to provide limited behavioral health services to individuals under the age of 18 that are covered under the Maryland Medical Assistance (“Medicaid”), regardless of whether the individual has a behavioral health diagnosis beginning January 1, 2025

The Department is dedicated to ensuring participants in the Maryland Medicaid Program have access to the full continuum of behavioral health services. This is especially important for children under age 18. While the Department recognizes the potential value in the care delivery model proposed by HB 1040, implementing the legislation would require substantial structural changes to how the Department handles Mental Health/Substance Use Disorder (MH/SUD) services.

Maryland currently operates a bifurcated care delivery system for MH/SUD benefits. Managed Care Organizations (MCOs) are responsible for delivering the majority of Medicaid covered services, including primary care behavioral health. However, specialty MH/SUD services are delivered on a fee-for-services (FFS) basis through an Administrative Services Organization (ASO) model, also known as a “carve-out” model. This coverage division, along with substantial system programming, is driven by diagnosis code and service type. The services included in this bill are currently delivered through the ASO. HB 1040 would fundamentally alter the core mechanisms currently in place to deliver services in Maryland Medicaid, requiring changes to how the Department currently authorizes and reimburses claims through both the HealthChoice MCOs and the behavioral health ASO; how the Department enrolls providers; and how the Department structures delivery of certain Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) services. Making these changes would have an indeterminate, but substantial, fiscal impact.

In fiscal year (FY) 2023, the Department spent \$551 million on lower level behavioral health services (level 1 services) for children under age 18. The Department assumes that HB 1040 would increase utilization in these services by 20 percent. As a result, HB 1040 would have a fiscal impact of \$110.2 million in total funding (\$52.1 million state general funds, \$58.1 million federal funds) per year. The estimated cost from FY 2025 through FY 2029, for this bill is \$529.9 million in total funding (\$250.6 million state general funds, \$279.2 million federal funds). If you would like to discuss this further, please do not hesitate to contact Sarah Case-Herron, Director of Governmental Affairs at sarah.case-herron@maryland.gov or (410) 260-3190.

Sincerely,



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