



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

February 11, 2024

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

**RE: SB 448 – Maryland Medical Assistance Program – Self-Directed Mental Health Services – Pilot Program – Letter of Concern**

Dear Chair Beidle and Committee Members:

The Maryland Department of Health (the Department) respectfully submits this letter of concern for Senate Bill (SB) 448 – *Maryland Medical Assistance Program – Self-Directed Mental Health Services – Pilot Program*.

SB 448 requires the Maryland Medical Assistance Program (Medicaid) to administer a three year long self-directed mental health services pilot program for 100 participants to facilitate access to clinically appropriate, person-centered, culturally responsive and trauma-informed self-directed services in an integrated community-based setting. The bill further requires the Governor to appropriate \$300,000 for each of the fiscal years from FY27 through FY29 for the implementation of the pilot program. Subject to approval by the Centers for Medicare and Medicaid Services (CMS), these funds would be eligible for a 50% federal match for a total annual budget of \$600K annually. The Department must submit a report to the Governor on the findings and recommendations from the pilot program on or before November 1, 2029.

**As drafted, SB 448 does *not* provide funding sufficient to implement the proposed pilot program.** Staffing and contractual costs are projected to exceed the \$600,000 TF (\$300,000 GF, \$300,000 FF) annual budget, leaving no dollars available to fund the array of self-directed services required. Further, it is unclear as drafted whether the cost of the proposed study is intended to be covered through the pilot program appropriation or separately funded. Finally, it is unclear whether the proposed demonstration will be approved under the current federal administration.

The Department estimates that the cost to staff the pilot will be more than \$476,000 TF (\$238,000 GF, \$238,000 FF) in FY27 and increase in FY28 and FY29. Further, \$336,000 TF (\$168,000 GF, \$168,000 FF) in FY27 for contractual costs would be required annually. The cost of the required study is \$150,000 TF (\$75,000 GF, \$75,000 FF) in each pilot year. Therefore, the fiscal impact of fixed costs associated with implementing SB 448 will be \$962,000 TF (\$481,000 GF, \$481,000 FF) in FY27, and an increase in FY28 and FY29.

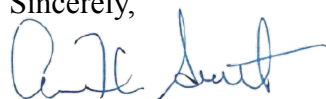
- **Staffing:** Five FTEs would be required to oversee the day-to-day operations. These tasks include: oversight of the self-directed Financial Management Contract Services (FMCS) contract for the pilot; overseeing fiscal management activities and contract costs; addressing customer and provider service issues; conducting training; providing guidance on services; administering the eligibility determination process; assuring case management is provided effectively for all participants; as well as creating, reviewing, and updating Personal Care Plans for each self-directed participant.
- **FMCS Contract:** A support broker is required to help the participant create a person-centered plan, obtain case management and financial services including an approved annual budget to implement the person-centered plan as well as fiscal intermediary and administrative support. FMCS play a role to assure that goods and services under the program are located, accessed, paid for, and the participant's budgeted dollars are managed. The monthly costs per participant in FY27 is estimated at \$280 (\$3,360 per participant per year).
- **Study:** SB 448 requires the Department to collect utilization data on the outcomes of the pilot program; assess the efficacy of the self-directed services as opposed to traditional services using a matched pair analysis; and assess the cost of expanding the self-directed services to all Medicaid participants; and identify the feasibility of obtaining a Medicaid waiver to support statewide implementation of self-directed mental health services.
- **Self-Directed Services Budget:** As noted, the cost to staff and administer the pilot program are expected to exceed the budget for the pilot included in the bill as drafted. To the extent funding for this purpose were increased, the per person funding available would be budget dependent and based on the dollars remaining after staffing and FMCS costs.

The Department notes that funding for self-directed services is significant under the existing self-directed service delivery model for individuals with intellectual/developmental disabilities under the three Developmental Disabilities Administration operated waiver programs (the per-capita spending in FY23 in self-direction was \$70,467, and the per-capita spending in FY24 in self-direction was \$101,008). Additionally, SB 448 would require provision of two services that are not a feature of the DDA HCBS self-directed waiver: Peer Respite and Rental Assistance.

CMS approved multiple §1115(a) demonstrations for Health-Related Social Needs (HRSN) for expenditures including rental assistance during the last federal administration. It is unclear whether CMS will continue to authorize HRSN waivers in the current administration. Additionally, opening Maryland's §1115(a) demonstration waiver to include additional services prior to the expiration of the current demonstration may put existing programs at risk.

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](mailto:sarah.case-herron@maryland.gov) or (410) 260-3190.

Sincerely,



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

