

SENATE BILL 39

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(PRE-FILED)

By: **Senator Lam**
Requested: November 1, 2025
Introduced and read first time: January 14, 2026
Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 ~~Behavioral Health—Certified Community Behavioral Health Clinics and~~
3 ~~Outpatient Mental Health Centers—Reimbursement Rates~~Workgroup on Behavioral Health Rate
4 Methodology Modernization – Establishment

4 FOR the purpose of establishing the Workgroup on ~~Certified Behavioral Health Clinic~~
5 ~~Implementation and Rate Methodology in the Behavioral Health Administration;~~
6 ~~requiring the Maryland Department of Health to conduct a certain rate study of~~
7 ~~outpatient mental health centers in the State; requiring the Department to convene~~
8 ~~an outpatient mental health services rate reform advisory panel to review and~~
9 ~~approve a certain rate methodology; requiring the Department to increase the~~
10 ~~Maryland Medical Assistance Program reimbursement rate for outpatient mental~~
11 ~~health centers by a certain percentage in certain fiscal years; and generally relating~~
12 ~~to certified community behavioral health clinics and outpatient mental health~~
13 ~~centers~~ Behavioral Health Rate Methodology Modernization in the Maryland Health Care
Commission to develop certain reimbursement methodologies for certified community
behavioral health clinics and outpatient mental health centers; and generally relating to
behavioral health rate methodology modernization.

14 ~~BY adding to~~
15 ~~Article—Health—General~~
16 ~~Section 7.5-211 and 15-160~~
17 ~~Annotated Code of Maryland~~
18 ~~(2023 Replacement Volume and 2025 Supplement)~~

19 **Preamble**

20 ~~WHEREAS, The State has operated certified community behavioral health clinics~~
21 ~~(CCBHC) under limited federal grant funding since 2018, serving thousands of State~~
22 ~~residents with integrated mental health and substance use care; and~~
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23 ~~WHEREAS, The CCBHC model has demonstrated improvements in access, care~~
24 ~~coordination, health outcomes, and reductions in emergency department utilization and~~
25 ~~inpatient stays; and~~
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1 ~~WHEREAS, The State must move from a grant-funded pilot approach to CCBHCs~~
 2 ~~to a sustainable statewide model with a clear rate methodology, ensuring that behavioral~~
 3 ~~health providers can continue to deliver high-quality, evidence-based, value-driven care;~~
 4 ~~and~~

5 ~~WHEREAS, Outpatient mental health centers (OMHC) are a cornerstone of the~~
 6 ~~State's behavioral health system, providing community-based treatment for individuals~~
 7 ~~with serious mental health conditions; and~~

8 ~~WHEREAS, OMHCs are in financial crisis due to inadequate and outdated~~
 9 ~~reimbursement rates that fail to reflect the true cost of service delivery, workforce needs,~~
 10 ~~and compliance requirements; and~~

11 ~~WHEREAS, The State currently lacks a formal, transparent rate-setting~~
 12 ~~methodology for OMHCs and CCBHCs, leading to inconsistent and unsustainable~~
 13 ~~reimbursement practices; and~~

14 ~~WHEREAS, The closure of OMHCs, such as in Frederick County, demonstrates the~~
 15 ~~urgent risk to access and continuity of care across the State if rate inadequacies remain~~
 16 ~~unaddressed; and~~

17 ~~WHEREAS, The General Assembly recognizes the importance of establishing parity~~
 18 ~~between behavioral health and somatic health services, including through transparent,~~
 19 ~~cost-driven rate reform; now, therefore,~~

20 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
 21 That ~~the Laws of Maryland read as follows:~~

(a) There is a Workgroup on Behavioral Health Rate Methodology
Modernization in the Maryland Health Care Commission.

(b) The purpose of the Workgroup is to develop transparent, cost-based
reimbursement methodologies for certified community behavioral health clinics and
outpatient mental health centers using federally required and existing cost-study
data as the foundation for future rate reform.

(c) The Workgroup consists of the following members:

- (1) two members of the Senate of Maryland, appointed by the President
of the Senate;

- (2) two members of the House of Delegates, appointed by the Speaker of
the House;

- (3) the Executive Director of the Maryland Health Care Commission, or
the Executive Director's designee;

(4) one representative of the Maryland Medical Assistance Program,
designated by the Secretary of Health;

(5) one representative of the Behavioral Health Administration,
appointed by the Secretary of Health;

(6) three representatives of community behavioral health providers
designated by the Community Behavioral Health Association of Maryland, including:

(i) at least one provider from a certified community behavioral
health clinic participating in the federal demonstration; and

(ii) at least one provider from an outpatient mental health
center; and

(7) the following members, jointly appointed by the Speaker of the
House and the President of the Senate:

- (i) one representative of a statewide hospital association;
- (ii) one representative of a specialty psychiatric hospital;
- (iii) one representative of a consumer or peer-led behavioral health advocacy organization;
- (iv) one independent actuarial or health-economics expert with Medicaid experience; and
- (v) any additional members determined necessary by the cochairs in consultation with the Workgroup.

(d) The President of the Senate and the Speaker of the House jointly shall designate one legislative member and one provider member to serve as cochairs of the Workgroup.

(e) The Maryland Health Care Commission, in consultation with the Maryland Department of Health, the Department of Legislative Services, and the Community Behavioral Health Association of Maryland, shall provide staff for the Workgroup.

(f) A member of the Workgroup:

- (1) may not receive compensation as a member of the Workgroup; but
- (2) is entitled to reimbursement for expenses under the Standard State Travel Regulations, as provided in the State budget.

(g) The Workgroup shall:

(1) use the federally required certified community behavioral health clinic cost study as the baseline dataset for evaluating outpatient mental health service costs in the State;

(2) review and analyze cost drivers for outpatient behavioral health services, including:

- (i) staffing mix and workforce models;
- (ii) medical director and supervision requirements;
- (iii) contractor versus salaried employment structures;
- (iv) geographic and volume variation; and

(v) compliance with State and federal regulatory requirements, including COMAR 10.63;

(3) evaluate reimbursement methodologies used in other states and federal demonstration programs;

(4) develop one or more cost-based, rate-setting methodologies applicable to both certified community behavioral health clinics and outpatient mental health centers;

(5) ensure all recommended methodologies comply with both federal Medicaid financing rules and the Medicaid Upper Payment Limit;

(6) identify any regulatory or statutory barriers to statewide implementation of cost-based, rate-setting methodologies; and

(7) propose options for phased statewide implementation of cost-based, rate-setting methodologies when fiscal conditions allow.

(g) (1) On or before December 1, 2026, the Workgroup shall submit an interim report to the Governor and, in accordance with § 2-1257 of the State Government Article, the General Assembly.

(2) On or before October 1, 2027, the Workgroup shall submit a final

report to the Governor and, in accordance with § 2-1257 of the State Government Article, the General Assembly that includes:

- (i) recommended rate-setting methodologies;
- (ii) assumption and cost-model components;
- (iii) options for phased implementation;
- (iv) estimated fiscal considerations; and
- (v) any recommended statutory or regulatory changes.

(h) This section does not:

- (1) require an immediate rate increase;
- (2) mandate an appropriation; or
- (3) create a fiscal obligation in the absence of subsequent legislative or budgetary action.

22

~~Article Health General~~

23 ~~7.5-211.~~

24 ~~(A) THERE IS A WORKGROUP ON CERTIFIED COMMUNITY BEHAVIORAL~~
25 ~~HEALTH CLINIC IMPLEMENTATION AND RATE METHODOLOGY IN THE~~
26 ~~ADMINISTRATION.~~

27 ~~(B) THE WORKGROUP CONSISTS OF THE FOLLOWING MEMBERS:~~

-
28 ~~(1) TWO MEMBERS OF THE SENATE OF MARYLAND, APPOINTED BY~~
29 ~~THE PRESIDENT OF THE SENATE;~~

-
30 ~~(2) TWO MEMBERS OF THE HOUSE OF DELEGATES, APPOINTED BY~~
31 ~~THE SPEAKER OF THE HOUSE;~~

-
32 ~~(3) THE DEPUTY SECRETARY OF BEHAVIORAL HEALTH, OR THE~~
33 ~~DEPUTY SECRETARY'S DESIGNEE, AND~~

1 ~~(4) THE FOLLOWING MEMBERS, APPOINTED BY THE SECRETARY:~~

2 ~~(i) ONE REPRESENTATIVE OF THE MARYLAND MEDICAID-~~
3 ~~ADMINISTRATION;~~

4 ~~(ii) THREE REPRESENTATIVES OF COMMUNITY BEHAVIORAL-~~
5 ~~HEALTH PROVIDERS, INCLUDING AT LEAST ONE PROVIDER OPERATING A CERTIFIED-~~
6 ~~COMMUNITY BEHAVIORAL HEALTH CLINIC THROUGH A FEDERAL GRANT;~~

7 ~~(iii) ONE REPRESENTATIVE OF A STATEWIDE HOSPITAL-~~
8 ~~ASSOCIATION;~~

9 ~~(iv) ONE REPRESENTATIVE OF A SPECIALTY PSYCHIATRIC-~~
10 ~~HOSPITAL;~~

11 ~~(v) ONE REPRESENTATIVE OF A CONSUMER OR PEER-LED-~~
12 ~~BEHAVIORAL HEALTH ADVOCACY ORGANIZATION; AND~~

13 ~~(vi) ANY ADDITIONAL MEMBERS AS DETERMINED NECESSARY-~~
14 ~~BY THE COCHAIRS IN CONSULTATION WITH THE WORKGROUP.~~

15 ~~(c) THE PRESIDENT OF THE SENATE AND THE SPEAKER OF THE HOUSE-~~
16 ~~JOINTLY SHALL DESIGNATE ONE LEGISLATIVE MEMBER AND ONE PROVIDER-~~
17 ~~MEMBER TO SERVE AS COCHAIRS OF THE WORKGROUP.~~

18 ~~(d) THE COMMUNITY BEHAVIORAL HEALTH ASSOCIATION OF MARYLAND,-~~
19 ~~IN COLLABORATION WITH THE DEPARTMENT, MAY PROVIDE STAFF FOR THE-~~
20 ~~WORKGROUP.~~

21 ~~(e) A MEMBER OF THE WORKGROUP:~~

22 ~~(1) MAY NOT RECEIVE COMPENSATION AS A MEMBER OF THE-~~
23 ~~WORKGROUP; BUT~~

24 ~~(2) IS ENTITLED TO REIMBURSEMENT FOR EXPENSES UNDER THE-~~
25 ~~STANDARD STATE TRAVEL REGULATIONS, AS PROVIDED IN THE STATE BUDGET.~~

26 ~~(f) THE WORKGROUP SHALL:-~~

27 ~~(1) REVIEW THE COST OF OPERATING CERTIFIED COMMUNITY-~~
28 ~~BEHAVIORAL HEALTH CLINICS IN THE STATE, INCLUDING STAFF,-~~
29 ~~INFRASTRUCTURE, AND COMPLIANCE REQUIREMENTS;~~

1 ~~(2) EVALUATE RATE METHODOLOGIES USED IN OTHER STATES FOR~~
2 ~~CERTIFIED COMMUNITY BEHAVIORAL HEALTH CLINICS AND RECOMMEND AN~~
3 ~~APPROPRIATE PROSPECTIVE PAYMENT SYSTEM OR ALTERNATIVE RATE~~
4 ~~METHODOLOGY FOR THE STATE;~~

5 ~~(3) ASSESS THE FINANCIAL AND CLINICAL OUTCOMES OF THE~~
6 ~~STATE'S EXISTING CERTIFIED COMMUNITY BEHAVIORAL HEALTH CLINIC~~
7 ~~GRANTEES, INCLUDING DATA ON UTILIZATION, QUALITY MEASURES, AND COST~~
8 ~~OFFSETS;~~

9 ~~(4) RECOMMEND STRATEGIES TO INTEGRATE CERTIFIED~~
10 ~~COMMUNITY BEHAVIORAL HEALTH CLINICS INTO THE STATE'S BEHAVIORAL~~
11 ~~HEALTH AND MARYLAND MEDICAL ASSISTANCE PROGRAM FINANCING SYSTEM,~~
12 ~~INCLUDING ALIGNMENT WITH THE ACHIEVING HEALTHCARE EFFICIENCY~~
13 ~~THROUGH ACCOUNTABLE DESIGN (AHEAD) MODEL AND OTHER FEDERAL~~
14 ~~INITIATIVES;~~

15 ~~(5) IDENTIFY ANY REGULATORY OR STATUTORY BARRIERS TO~~
16 ~~STATEWIDE IMPLEMENTATION OF CERTIFIED COMMUNITY BEHAVIORAL HEALTH~~
17 ~~CLINICS, INCLUDING LICENSURE, REPORTING, AND DATA SHARING~~
18 ~~REQUIREMENTS; AND~~

19 ~~(6) PROPOSE A TIMELINE FOR STATEWIDE IMPLEMENTATION AND~~
20 ~~SUSTAINABILITY OF CERTIFIED COMMUNITY BEHAVIORAL HEALTH CLINICS.~~

21 ~~(G) ON OR BEFORE DECEMBER 1, 2027, THE WORKGROUP SHALL REPORT~~
22 ~~ITS FINDINGS AND RECOMMENDATIONS TO THE GOVERNOR AND, IN ACCORDANCE~~
23 ~~WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE, THE GENERAL ASSEMBLY.~~

24 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read
25 as follows:

26 ~~Article — Health — General~~

27 ~~15-160.~~

28 ~~(A) THE DEPARTMENT SHALL CONDUCT A COST-DRIVEN RATE STUDY OF~~
29 ~~OUTPATIENT MENTAL HEALTH CENTERS IN THE STATE TO DETERMINE:~~

30 ~~(1) THE ACTUAL COST OF PROVIDING OUTPATIENT MENTAL HEALTH~~
31 ~~CENTER SERVICES, INCLUDING PERSONNEL, OVERHEAD, AND COMPLIANCE~~
32 ~~REQUIREMENTS;~~

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1 ~~(2) THE ADEQUACY OF CURRENT PROGRAM REIMBURSEMENT RATES~~
 2 ~~RELATIVE TO THE COSTS IDENTIFIED UNDER ITEM (1) OF THIS SUBSECTION; AND~~

3 ~~(3) A METHODOLOGY FOR ESTABLISHING SUSTAINABLE,~~
 4 ~~COST-BASED REIMBURSEMENT RATES THAT ALIGN WITH ACCESS, WORKFORCE~~
 5 ~~RETENTION, AND PARITY WITH SOMATIC HEALTH CARE.~~

6 ~~(B) IN CONDUCTING THE STUDY REQUIRED UNDER SUBSECTION (A) OF THIS~~
 7 ~~SECTION, THE DEPARTMENT SHALL:~~

8 ~~(1) SOLICIT INPUT FROM OUTPATIENT MENTAL HEALTH CENTER~~
 9 ~~PROVIDERS, COMMUNITY BEHAVIORAL HEALTH ASSOCIATIONS, CONSUMER~~
 10 ~~ADVOCACY ORGANIZATIONS, AND OTHER RELEVANT STAKEHOLDERS;~~

11 ~~(2) REVIEW RATE METHODOLOGIES FROM OTHER STATES AND~~
 12 ~~FEDERAL DEMONSTRATION PROGRAMS, INCLUDING CERTIFIED COMMUNITY~~
 13 ~~BEHAVIORAL HEALTH CLINICS;~~

14 ~~(3) CONSIDER THE IMPACT OF INADEQUATE REIMBURSEMENT ON~~
 15 ~~SERVICE ACCESS, PROVIDER SOLVENCY, WORKFORCE RECRUITMENT AND~~
 16 ~~RETENTION, CONTINUITY OF CARE, AND EMERGENCY ROOM UTILIZATION AND~~
 17 ~~BOARDING;~~

18 ~~(4) CONSIDER SOCIETAL IMPACTS, INCLUDING COSTS, OF~~
 19 ~~INADEQUATE REIMBURSEMENT ON HOMELESSNESS, CRIMINAL JUSTICE~~
 20 ~~INVOLVEMENT, AND UNEMPLOYMENT; AND~~

21 ~~(5) DEVELOP RECOMMENDATIONS, INCLUDING LEGISLATIVE AND~~
 22 ~~BUDGETARY RECOMMENDATIONS, FOR A TRANSPARENT, COST-BASED~~
 23 ~~RATE-SETTING METHODOLOGY FOR OUTPATIENT MENTAL HEALTH CENTER~~
 24 ~~SERVICES.~~

25 ~~(C) (1) THE DEPARTMENT SHALL CONVENE AN OUTPATIENT MENTAL~~
 26 ~~HEALTH CENTERS RATE REFORM ADVISORY PANEL THAT INCLUDES:~~

27 ~~(I) AT LEAST THREE REPRESENTATIVES OF OUTPATIENT~~
 28 ~~MENTAL HEALTH CENTER PROVIDERS OF VARYING SIZE AND GEOGRAPHY;~~

29 ~~(II) ONE INDEPENDENT ACTUARIAL OR HEALTH ECONOMICS~~
 30 ~~EXPERT; AND~~

31 ~~(III) ANY OTHER STAKEHOLDERS IDENTIFIED BY THE~~
 32 ~~DEPARTMENT.~~

~~(2) THE ADVISORY PANEL SHALL REVIEW AND APPROVE THE RATE-SETTING METHODOLOGY RECOMMENDED BY THE DEPARTMENT UNDER SUBSECTION (A)(3) OF THIS SECTION.~~

~~(1) FOR FISCAL YEAR 2026 AND FISCAL YEAR 2027, THE DEPARTMENT SHALL INCREASE THE RATE OF REIMBURSEMENT FOR OUTPATIENT MENTAL HEALTH CENTERS BY AT LEAST 3% BASED ON THE REIMBURSEMENT RATE IN THE IMMEDIATELY PRECEDING FISCAL YEAR.~~

~~(1) THE GOVERNOR'S PROPOSED BUDGET FOR FISCAL YEAR 2027 AND FISCAL YEAR 2028 SHALL INCLUDE RATE ADJUSTMENTS FOR OUTPATIENT MENTAL HEALTH CENTERS OF AT LEAST 3% BASED ON THE FUNDING PROVIDED IN THE LEGISLATIVE APPROPRIATION FOR THE IMMEDIATELY PRECEDING FISCAL YEAR FOR OUTPATIENT MENTAL HEALTH CENTERS.~~

~~(H) THE GOVERNOR'S PROPOSED BUDGET FOR FISCAL YEAR 2028 AND EACH FISCAL YEAR THEREAFTER SHALL INCLUDE FUNDING FOR OUTPATIENT HEALTH CENTERS SUFFICIENT TO IMPLEMENT THE COST-BASED REIMBURSEMENT METHODOLOGY ADOPTED BY THE DEPARTMENT IN ACCORDANCE WITH THIS SECTION.~~

~~(E) ON OR BEFORE JULY 1, 2027, THE DEPARTMENT SHALL ADOPT REGULATIONS ESTABLISHING A COST-BASED REIMBURSEMENT METHODOLOGY FOR OUTPATIENT MENTAL HEALTH CENTER SERVICES THAT INCORPORATES THE FINDINGS OF THE STUDY REQUIRED UNDER SUBSECTION (A) OF THIS SECTION AND THE INPUT OF THE OUTPATIENT MENTAL HEALTH CENTERS RATE REFORM ADVISORY PANEL.~~

~~(1) ON OR BEFORE DECEMBER 1 EACH YEAR, BEGINNING IN 2026, UNTIL THE COST-BASED REIMBURSEMENT METHODOLOGY RECOMMENDED IN ACCORDANCE WITH THIS SECTION IS FULLY IMPLEMENTED, THE DEPARTMENT SHALL REPORT ITS FINDINGS AND RECOMMENDATIONS TO THE SENATE FINANCE COMMITTEE AND THE HOUSE HEALTH AND GOVERNMENT OPERATIONS COMMITTEE, IN ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE.~~

~~(2) THE REPORT REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL INCLUDE:~~

~~(i) A PROGRESS UPDATE ON THE STUDY REQUIRED UNDER SUBSECTION (A) OF THIS SECTION;~~

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1 ~~(ii) AN IMPLEMENTATION TIMELINE FOR THE~~
2 ~~IMPLEMENTATION OF THE REIMBURSEMENT METHODOLOGY REQUIRED BY THIS~~
3 ~~SECTION;~~

4 ~~(iii) THE ESTIMATED FISCAL IMPACT AND FUNDING NEEDS~~
5 ~~RELATED TO THE IMPLEMENTATION OF THE REIMBURSEMENT METHODOLOGY; AND~~

6 ~~(iv) INTERIM OUTCOMES FOR OUTPATIENT MENTAL HEALTH~~
7 ~~SERVICES PROVIDERS RESULTING FROM THE ANNUAL RATE INCREASES REQUIRED~~
8 ~~BY THIS SECTION.~~

9 SECTION ~~2~~ 2 AND BE IT FURTHER ENACTED, That this Act shall take effect July
10 1, 2026. ~~Section 1 of this Act~~ It shall remain effective for a period of 2 years and, at the
11 end of
12 June 30, 2028, ~~Section 1 of~~ this Act, with no further action required by the General
Assembly, shall be abrogated and of no further force and effect.