



Written Testimony

House Bill 772 – Workgroup on Behavioral Health Rate Methodology Modernization – Establishment

Senate Finance Committee

March 31, 2026

Thank you for the opportunity to submit testimony in strong support of the amended version of House Bill 772, which will significantly strengthen the State's ability to produce actionable, data-driven rate reform.

As the nation's largest private, nonprofit behavioral health provider, and a statewide safety-net system serving more than 80,000 people annually, Sheppard Pratt sees firsthand how outdated and non-transparent rate structures undermine Maryland's ability to deliver timely, high-quality, community-based mental health care. We operate outpatient mental health centers (OMHCs), certified community behavioral health clinics (CCBHCs), crisis services, inpatient hospitals, residential programs, and school-based services across 16 counties. Across this continuum, the challenges that HB772 seeks to address are both urgent and system-defining.

As we have testified before on the unamended version of this bill before your committee (SB39), below is our rationale for the support of the amendments that reflect a thoughtful evolution of the bill from a standalone workgroup into a coordinated, implementation-oriented framework that better aligns the Maryland Department of Health (MDH), the Maryland Health Care Commission (MHCC), and community providers.

1. Alignment of Study, Workgroup, and Implementation

The amended bill explicitly requires MDH to use the ongoing cost study required by the HOPE Act of 2017 in coordination with the recommendations of the newly established Workgroup. This is a critical improvement.

- It ensures the Workgroup is not merely advisory, but directly informs State action
- It creates a clear pipeline from data → methodology → implementation
- It reduces the risk of duplicative or siloed analyses across agencies

This alignment has been a longstanding concern for providers, and the amendments appropriately resolve it.

2. Strengthened Role for MHCC as Neutral Facilitator

The amendments establish MHCC as the facilitator of the Workgroup and a technical partner in the rate-setting study. Sheppard Pratt supports this structure because:

- MHCC brings analytical credibility and independence
- It ensures a transparent, stakeholder-driven process
- It creates a neutral forum to reconcile differing methodologies and assumptions

This is particularly important given past concerns about inconsistencies in rate modeling approaches.

3. Integration of Cost Reporting and Real-World Provider Data

The amended bill requires MDH to administer cost-reporting tools and oversee submissions to support the study. This is a major step forward because:

- Rate setting will be grounded in actual provider cost data, not assumptions
- It enables validation of prior analyses (including concerns around double-counting or incomplete datasets)
- It ensures that workforce, supervision, and compliance costs are accurately captured

For providers like Sheppard Pratt, this is essential to producing rates that reflect operational reality.

4. Clear Governance and Coordination Through a Technical Liaison

The requirement for a designated technical liaison between MDH and MHCC is a critical operational improvement. This ensures:

- Continuity between the Workgroup and the State's rate-setting work
- Access to existing MDH data and modeling
- Reduced fragmentation across agencies

Given the complexity of Medicaid financing and behavioral health reimbursement, this coordination mechanism is essential.

5. Realistic Timeline with Accountability

The updated timeline, including a 2028 completion date for the rate study and aligned reporting deadlines, reflects the complexity of this work while maintaining accountability. Sheppard Pratt supports this approach as it balances:

- The need for rigorous, defensible analysis
- The urgency of rate reform
- The importance of stakeholder engagement throughout the process

Conclusion

HB772, as amended, represents a significant step forward in Maryland's effort to modernize behavioral health reimbursement. The bill now establishes a coordinated, data-driven, and implementation-oriented framework that aligns the work of MDH, MHCC, and providers to produce sustainable, cost-based rates for outpatient behavioral health services.

For Maryland to meet its behavioral health goals, reducing emergency department boarding, expanding crisis diversion, strengthening outpatient capacity, and stabilizing the workforce, rate modernization is essential. The amendments to HB772 ensure that this effort is grounded in real data, informed by providers, and structured for implementation.

For these reasons, Sheppard Pratt respectfully urges a favorable report on House Bill 772, as amended.

Thank you for your consideration.