SB39 Testimony.pdf
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Position: FAV

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WRITTEN TESTIMONY
SB39: Behavioral Health - Certified Community Behavioral Health Clinics and Outpatient Mental Health Centers - Reimbursement Rates
Senate Finance Committee
March 3, 2026
SUPPORT

Background: SB39 would establish the Workgroup on Certified Behavioral Health Clinic Implementation and Rate Methodology in the Behavioral Health Administration; require the Maryland Department of Health to conduct a certain rate study of outpatient mental health centers in the State; and require the Department to increase the Maryland Medical Assistance Program reimbursement rate for outpatient mental health centers by 3% in fiscal years 2026 and 2027.

Written Comments: The Baltimore Jewish Council represents The Associated: Jewish Federation of Baltimore and all of its agencies. This includes Jewish Community Services (JCS), which offers programs and services for people of all ages and backgrounds, helping them achieve their goals, enhance their wellbeing, and maximize their independence. JCS currently provides therapy and medication management to a large population of clients with both commercial and public insurance. These behavioral health intervention services are incredibly helpful in enhancing patient wellbeing.

One in five Marylanders suffer from a mental health condition. As individuals seek out care for their needs, behavioral health providers are facing financial strain due to outdated and inadequate reimbursement rates. The goal of SB39 is to improve the financial sustainability and rate structure for key behavioral health services in Maryland, helping ensure providers can continue to deliver high-quality care. By establishing a formal workgroup under MDH to study and recommend a sustainable, transparent, cost-based rate methodology for CCBHCs and outpatient mental health centers, we will be one step closer to implementing sustainable rate reforms that ensure parity with physical health services and help maintain access to care.

The Jewish community historically takes communal responsibility for the vulnerable and underserved – this includes those in poverty; individuals with disabilities; victims of domestic violence, etc. Many of these individuals need readily accessible, high-quality mental and behavioral health services. **For these reasons, we ask for a favorable report on SB39.**

The Baltimore Jewish Council, a coalition of central Maryland Jewish organizations and congregations, advocates at all levels of government, on a variety of social welfare, economic and religious concerns, to protect and promote the interests of the Associated Jewish Community Federation of Baltimore, its agencies and the Greater Baltimore Jewish community.

BALTIMORE JEWISH COUNCIL
5700 Park Heights Avenue • Baltimore, Maryland 21215
410-542-4850 • baltjc.org

The Associated
Jewish Federation of Baltimore

2026.02.27 HSMP SB39 Letter of Support (2).pdf

Uploaded by: Amanda Oppler
Position: FAV

February 27, 2026

The Honorable Pamela Beidle
Chair, Finance Committee
Maryland Senate
Annapolis, Maryland 21401

The Honorable Antonio Hayes
Vice Chair, Finance Committee
Maryland Senate
Annapolis, Maryland 21401

Dear Chair Beidle, Vice Chair Hayes, and Members of the Committee:

On behalf of the Behavioral Health Action Team (BHAT) of the Healthy St. Mary's Partnership (HSMP), we write to express our strong support for *Senate Bill 39 – Behavioral Health – Certified Community Behavioral Health Clinics and Outpatient Mental Health Centers – Reimbursement Rates*. HSMP is the Local Health Improvement Coalition (LHIC) serving St. Mary's County, Maryland. Through BHAT, we work collaboratively with community partners to improve mental health outcomes, strengthen substance use prevention and treatment systems, and promote equitable access to high-quality behavioral health services across our region.[1] SB 39 directly aligns with these priorities by strengthening the financial sustainability and long-term capacity of Maryland's outpatient behavioral health system.

St. Mary's County and other rural jurisdictions face unique challenges in maintaining robust behavioral health services. Geographic distance, workforce shortages, transportation barriers, and limited provider networks can delay or prevent residents from receiving timely care.[2] Community-based outpatient mental health centers and prospective Certified Community Behavioral Health Clinics (CCBHCs) are critical access points for individuals experiencing mental health conditions and substance use disorders.[3,4] However, when Medicaid reimbursement rates do not reflect the true cost of providing care, clinics struggle to recruit and retain qualified clinicians, expand services, and meet increasing demand.

SB 39 takes an important step toward addressing these challenges. By establishing a workgroup to study CCBHC implementation and rate methodology, requiring a cost-based rate

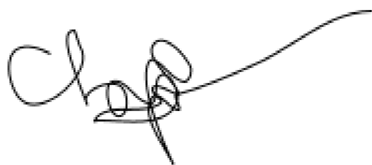
[1] The Centers of Excellence (2025, April). *Sequential Intercept Model Mapping Report for St. Mary's County, Maryland*. Governor's Office of Crime Prevention and Policy. https://smchd.org/wp-content/uploads/FINAL-St.-Marys-Co.-2025-SIM-Mapping-Report.pdf
[2] Anderson, K. (2024, December 4). *MD Faces a Behavioral Health Workforce Crisis*. Maryland Association of Counties. https://conduitstreet.mdcounties.org/2024/12/04/md-faces-a-behavioral-health-workforce-crisis/
[3] Annapolis Coalition (2025, August 22). *Maryland Identifies Need for 32,000 Behavioral Health Workers*. The Annapolis Coalition on the Behavioral Health Workforce. https://annapoliscoalition.org/maryland-identifies-need-for-32000-behavioral-health-workers/
[4] SAMHSA (2023, April 24). Certified Community Behavioral Health Clinics (CCBHCs). https://www.samhsa.gov/communities/certified-community-behavioral-health-clinics

study for outpatient mental health centers, and providing targeted rate increases while a sustainable methodology is developed, this legislation supports both immediate stabilization and long-term reform. A transparent, data-driven reimbursement structure will help ensure that providers can deliver comprehensive, evidence-based services without compromising quality or access.

For BHAT, strengthening outpatient behavioral health infrastructure is essential to achieving our local Community Health Improvement Plan goals.[5] Improved reimbursement and sustainable funding mechanisms will enhance continuity of care, reduce reliance on emergency departments, and expand prevention and early intervention services – outcomes that are particularly critical in rural counties like St. Mary's. Investment in outpatient systems is also an investment in workforce stability, integrated care, and equitable access for Medicaid recipients and other vulnerable populations.

SB 39 reflects a thoughtful and strategic approach to building a more resilient behavioral health system in Maryland. By aligning reimbursement with the actual cost of care and supporting implementation of the CCBHC model, the bill advances health equity, system accountability, and long-term sustainability. For these reasons, the Behavioral Health Action Team of the Healthy St. Mary's Partnership respectfully urges the Senate Finance Committee to issue a favorable report on SB 39. Thank you for your leadership and continued commitment to strengthening Maryland's behavioral health system.

Sincerely,



Chris Shea
Healthy St. Mary's Partnership
Behavioral Health Action Team Co-Chair

Jodi Gardiner
Healthy St. Mary's Partnership
Behavioral Health Action Team Co-Chair

[5] The Healthy St. Mary's Partnership (2024, January). Healthy St. Mary's 2026.
https://healthystmarys.com/wp-content/uploads/2024/01/Healthy-St.-Marys-2026-January-2024-Updated.pdf

sb0039f-343820-01_reprint.pdf
Uploaded by: Clarence Lam
Position: FAV

REPRINT OF SENATE BILL 39 as amended by SB0039/343820/1 02/10/26 at 2:53 PM

SENATE BILL 39

J1 6lr1650

(PRE–FILED)

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

A BILL ENTITLED

AN ACT concerning

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

FOR the purpose of establishing the Workgroup on ~~Certified Behavioral Health Clinic Implementation and Rate Methodology in the Behavioral Health Administration; requiring the Maryland Department of Health to conduct a certain rate study of outpatient mental health centers in the State; requiring the Department to convene an outpatient mental health services rate reform advisory panel to review and approve a certain rate methodology; requiring the Department to increase the Maryland Medical Assistance Program reimbursement rate for outpatient mental health centers by a certain percentage in certain fiscal years; and generally relating to certified community behavioral health clinics and outpatient mental health 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.

~~BY adding to~~
~~Article – Health – General~~
~~Section 7.5–211 and 15–160~~
~~Annotated Code of Maryland~~
~~(2023 Replacement Volume and 2025 Supplement)~~

~~Preamble~~

~~WHEREAS, The State has operated certified community behavioral health clinics (CCBHC) under limited federal grant funding since 2018, serving thousands of State residents with integrated mental health and substance use care; and~~

~~WHEREAS, The CCBHC model has demonstrated improvements in access, care coordination, health outcomes, and reductions in emergency department utilization and inpatient stays; and~~

~~WHEREAS, The State must move from a grant–funded pilot approach to CCBHCs to a sustainable statewide model with a clear rate methodology, ensuring that behavioral health providers can continue to deliver high–quality, evidence–based, value–driven care; and~~

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

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

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

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

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

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, 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

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

~~(I) ONE REPRESENTATIVE OF THE MARYLAND MEDICAID ADMINISTRATION;~~

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

~~(III) ONE REPRESENTATIVE OF A STATEWIDE HOSPITAL ASSOCIATION;~~

~~(IV) ONE REPRESENTATIVE OF A SPECIALTY PSYCHIATRIC HOSPITAL;~~

~~(V) ONE REPRESENTATIVE OF A CONSUMER OR PEER–LED BEHAVIORAL HEALTH ADVOCACY ORGANIZATION; AND~~

~~(VI) ANY ADDITIONAL MEMBERS AS DETERMINED NECESSARY BY THE COCHAIRS IN CONSULTATION WITH THE WORKGROUP.~~

~~(C) 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.~~

~~(D) THE COMMUNITY BEHAVIORAL HEALTH ASSOCIATION OF MARYLAND, IN COLLABORATION WITH THE DEPARTMENT, MAY PROVIDE STAFF FOR THE WORKGROUP.~~

~~(E) 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.~~

~~(F) THE WORKGROUP SHALL:~~

~~(1) REVIEW THE COST OF OPERATING CERTIFIED COMMUNITY BEHAVIORAL HEALTH CLINICS IN THE STATE, INCLUDING STAFF, 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;~~

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.~~

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

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

8 ~~(2) (I) THE GOVERNOR'S PROPOSED BUDGET FOR FISCAL YEAR~~
9 ~~2027 AND FISCAL YEAR 2028 SHALL INCLUDE RATE ADJUSTMENTS FOR OUTPATIENT~~
10 ~~MENTAL HEALTH CENTERS OF AT LEAST 3% BASED ON THE FUNDING PROVIDED IN~~
11 ~~THE LEGISLATIVE APPROPRIATION FOR THE IMMEDIATELY PRECEDING FISCAL~~
12 ~~YEAR FOR OUTPATIENT MENTAL HEALTH CENTERS.~~

13 ~~(II) THE GOVERNOR'S PROPOSED BUDGET FOR FISCAL YEAR~~
14 ~~2028 AND EACH FISCAL YEAR THEREAFTER SHALL INCLUDE FUNDING FOR~~
15 ~~OUTPATIENT HEALTH CENTERS SUFFICIENT TO IMPLEMENT THE COST–BASED~~
16 ~~REIMBURSEMENT METHODOLOGY ADOPTED BY THE DEPARTMENT IN ACCORDANCE~~
17 ~~WITH THIS SECTION.~~

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

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

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

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

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 ~~3.~~ 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 end of
11 June 30, 2028, ~~Section 1 of~~ this Act, with no further action required by the General
12 Assembly, shall be abrogated and of no further force and effect.

MATOD 2026 - SB 39 FAV - Rate Methodology Moderniz

Uploaded by: Connie Dausch

Position: FAV

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2025 - 2027

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Workgroup on Behavioral Health Rate Methodology Modernization – Establishment
Senate Bill 39
Senate Finance Committee
March 3, 2026
POSITION: SUPPORT

The Maryland Association for the Treatment of Opioid Dependence (MATOD) strongly supports Senate Bill 39 because Maryland's Behavioral Health rate-setting process needs to be independent, transparent, and grounded in the real-world experience of the providers delivering care every day. We understand the sponsor has amendments to make the bill become a crossfile of House Bill 772, and we support that effort. When rates do not reflect the actual cost of providing services, access suffers, workforce pressures increase, and the State's broader Behavioral Health goals become harder to achieve.

SB 39 creates a clear, data-driven pathway to modernize that process. MATOD respectfully urges a favorable report. Maryland law has required an independent, cost-driven rate study for Community Behavioral Health services since 2017. That work is now underway, and we appreciate that the Department has moved it forward. However, SB 39 strengthens the process in two important ways:

1. **It formalizes meaningful provider participation.** Consultation is not the same as participation. Providers need a defined seat at the table when methodology is being shaped, cost drivers are being identified, and implementation options are being evaluated. On paper, many policy ideas look reasonable. In practice, they can unintentionally destabilize outpatient systems. SB 39 ensures that operational realities are part of the analysis from the start.

2. **It ensures independence and transparency.** Rate-setting directly affects whether providers can sustain services and whether Marylanders can access care. Housing this work within an independent structure at MHCC adds an important layer of objectivity and public accountability. That independence strengthens confidence in the final recommendations, regardless of where the data ultimately leads.

Outpatient Behavioral Health providers are the backbone of Maryland's Mental Health and Addiction treatment system.

Modernizing methodology is not about inflating rates. It is about aligning payment with the actual cost of delivering evidence-based outpatient care and creating a process that providers and the State can both trust. HB 772 builds on existing rate study efforts and establishes guardrails to ensure the work is collaborative, independent, and implementable.

For these reasons, MATOD respectfully urges a favorable report on House Bill 772.

MATOD members include community and hospital based Opioid Treatment Programs, local Health Departments, local Addiction and Behavioral Health Authorities and Maryland organizations that support evidence-based Medication Assisted Treatment. MATOD members include thousands of highly trained and dedicated addiction counselors, clinical social workers, physicians, nurse practitioners, physician assistants, nurses, peer recovery specialists and dedicated staff who work every day to save and transform lives.

Employer and institutional affiliations are provided for identification purposes only and do not convey employer and institutional positions

CCBHC OMHC WG SB39 FAV Written Testimony Sheppard
Uploaded by: Damian Lang
Position: FAV

Written Testimony

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

Senate Finance Committee

March 3, 2026

Thank you for the opportunity to submit testimony in strong support of Senate Bill 39, which establishes the Workgroup on Behavioral Health Rate Methodology Modernization within the Maryland Health Care Commission. The amended version of this bill would align it with House Bill 772, reducing the fiscal impact and incorporating feedback from the provider community.

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 SB39 seeks to address are both urgent and system-defining.

Why SB39 is Critical to Maryland's Behavioral Health System

The amended version of SB39 takes a pragmatic, data-driven approach to modernizing the rate-setting methodologies governing both OMHCs and CCBHCs. The bill:

- Establishes a structured workgroup within MHCC, giving providers a critical role in the rate setting process
- Incorporates other cost studies (such as the federally required CCBHC cost study and MDH's ongoing cost study) for a baseline dataset
- Examines cost drivers including staffing, medical supervision, regulatory requirements (including COMAR 10.63), and geographic variation
- Develops cost-based methodologies aligned with federal Medicaid financing rules and upper-payment-limit requirements
- Identifies barriers and outlines options for phased implementation

These components are essential to ensuring that Maryland's behavioral health rates are analytically sound, transparent, and aligned with the true cost of delivering care.

A Unified Vision for OMHCs & CCBHCs

As the state's de facto safety net behavioral health provider, Sheppard Pratt has the unique vantage point to provide accurate insight into the interoperability of the entire continuum of

care. The cost of care increases annually, and consistent, cost-based rate methodologies for outpatient care are urgently needed in Maryland.

1. **Outdated rates disrupt the continuum**

OMHCs and CCBHCs are foundational to Maryland's behavioral health system, yet the reimbursement methodologies governing them differ significantly despite substantial overlap in workforce requirements, regulatory obligations, and clinical models.

This creates misaligned incentives, operational inefficiencies, and barriers to:

- Same-day access
- Integrated somatic and behavioral health services
- Crisis diversion
- Long-term outpatient stabilization

The amended version of SB39 offers a unified pathway to coherence across outpatient behavioral health services.

2. **Rate methodology is central to workforce stabilization**

Maryland's workforce shortages are not theoretical; they impede access daily. Sheppard Pratt and other behavioral health providers routinely experience:

- Vacancy rates exceeding 20–30% in key clinical roles
- Escalating wage competition with other markets
- Difficulty recruiting psychiatrists, nurse practitioners, licensed therapists, and peers
- Increased reliance on contractors due to salary compression

Without reimbursement methodologies that reflect supervisory requirements, staffing ratios, medical leadership, and compliance obligations, providers cannot sustainably staff outpatient services. The amended version of SB39 recognizes this reality by explicitly charging the Workgroup with reviewing workforce-related cost drivers.

3. **Inadequate rates shift costs to inappropriate and more expensive settings**

When outpatient providers cannot recruit or retain staff due to inadequate reimbursement:

- Emergency departments become default entry points
- Psychiatric inpatient admissions increase
- Pediatric and adult overstay problems worsen
- Crisis teams cannot keep pace with demand
- Schools, pediatricians, and families lose key supports

Maryland has invested heavily in crisis services; however, crisis response is only successful when robust outpatient infrastructure exists to absorb individuals after stabilization. Rates that reflect actual costs are essential to reducing ED boarding and unnecessary hospitalizations.

Conclusion

For Maryland to meet its behavioral health goals (reducing emergency department boarding, expanding crisis diversion, strengthening pediatric and adult outpatient care, improving parity, and stabilizing the workforce) rate modernization is essential. The amended version of SB39 is a pragmatic, provider-informed, data-driven step that lays the groundwork for a stronger, more equitable, and more sustainable system.

For these reasons, Sheppard Pratt respectfully urges a favorable report on Senate Bill 39.

Thank you for your consideration.

SB39- Rate Setting- FAV NAMI.pdf

Uploaded by: Morgan Mills

Position: FAV

NAMI National Alliance on Mental Illness | Maryland

March 3, 2026

Chair Beidle, Vice Chair Hayes, and distinguished members of the Finance Committee,

NAMI Maryland and our 11 local affiliates across the state represent a network of more than 60,000 families, individuals, community-based organizations, and service providers. NAMI Maryland is a 501(c)(3) non-profit dedicated to providing education, support, and advocacy for people living with mental illnesses, their families, and the wider community.

It is our understanding that SB39 intends to become a cross-file of HB772, and amendments have been prepared to align the two pieces of legislation.

Our State's behavioral health system is at a critical juncture. For too long, reimbursement rates for community providers have lacked the transparency and data-driven foundations necessary to sustain high-quality care. This bill addresses that gap by tasking a diverse workgroup of legislators, providers, and experts to develop transparent, cost-based reimbursement methodologies for both Certified Community Behavioral Health Clinics (CCBHCs) and outpatient mental health centers.

This workgroup will analyze real-world cost drivers—such as staffing mix, workforce models, and regulatory compliance requirements—ensuring Maryland's behavioral health infrastructure can move toward a sustainable, phased implementation of modernized rate-setting.

This legislation does not mandate an immediate appropriation; rather, it provides analytical framework needed to ensure that our state's mental health and substance use services are fiscally sound and capable of meeting the rising needs of our residents.
We believe that establishing this workgroup is a vital step toward a more equitable and effective behavioral health system. We urge a favorable report on SB 39.

For these reasons, we urge a favorable report.

Stephanie Slowly-Little
Executive Director
National Alliance on Mental Illness, Maryland

Contact: Morgan Mills-DiEnno
Compass Government Relations
Mmills@compassadvocacy.com

NCADD-MD - 2026 SB 39 FAV - Workgroup on Behaviora

Uploaded by: Nancy Rosen-Cohen

Position: FAV

Senate Finance Committee
March 3, 2026

Senate Bill 39 - Behavioral Health - Certified Community Behavioral Health Clinics and Outpatient Mental Health Centers - Reimbursement Rates

Support

NCADD-Maryland supports Senate Bill 39. The intent of the bill is to build into the rate-setting methodology, greater collaboration with providers and greater accountability with the State. We understand the sponsor has amendments to make the bill become a crossfile of House Bill 772, and we support that effort.

Consultants who are conducting the study need to have their work informed by the people who are responsible for running behavioral health programs. Meaningful participation means working collaboratively to not just identify what looks like a good policy, but making sure it is implementable.

We also believe that to produce recommendations that we all can be confident in, a state organization that is independent from the funding function should be in the lead. With the Maryland Health Care Commission overseeing this substantial project, we believe the product will be seen as more objective.

Finally, the original mandate for this rate-setting study was created in 2017 and was intended to be inclusive of all levels of substance use and mental health care. Given the extended delay in starting this study, and given some external factors, we support this process starting with the certified community behavioral health clinic model and Outpatient Mental Health Clinic level of care. We would want to make sure that the workgroup evolves to include providers of other levels of care as the study is expanded.

We therefore urge a favorable report on Senate Bill 39.

NCADD-Maryland
410-625-6482 · www.ncaddmaryland.org

SB 39 – CCBHC and OMHC Reimbursement Rates – Suppo

Uploaded by: Natasha Mehu
Position: FAV

Senate Bill 39 - Behavioral Health – Certified Community Behavioral Health Clinics and Outpatient Mental Health Centers – Reimbursement Rates

Position: ***Support***
March 3, 2026
Senate Finance Committee

MHA Position

On behalf of the Maryland Hospital Association's (MHA) member hospitals and health systems, we appreciate the opportunity to comment in support of Senate Bill 39.

SB 39 takes an important and timely step toward strengthening Maryland's behavioral health system by establishing a clear, transparent pathway to sustainable reimbursement for Certified Community Behavioral Health Clinics (CCBHC) and outpatient mental health centers. The bill creates a work group within the Behavioral Health Administration to develop a long-term rate methodology for CCBHCs, requires the Maryland Department of Health to conduct a comprehensive rate study for outpatient mental health centers, and provides modest interim rate increases while this work is underway.

Maryland hospitals and health systems experience firsthand the consequences of inadequate access to community-based behavioral health services. When outpatient mental health centers and community providers are under-resourced, patients often experience delays in care, worsening conditions, and increased reliance on emergency departments and inpatient settings. Ensuring that reimbursement rates reflect the true cost of providing behavioral health services is essential to maintaining access, stabilizing the workforce, and improving patient outcomes across the continuum of care. Recent closures of outpatient mental health centers in Maryland highlight the fragility of the community behavioral health infrastructure when reimbursement fails to keep pace with the cost of care.

SB 39 recognizes that current reimbursement rates are outdated and insufficient, and it directs the Department to evaluate workforce costs, infrastructure needs, and compliance requirements. This deliberate approach will help ensure that future rate methodologies support high-quality, evidence-based care while promoting parity between behavioral health and somatic health services.

Importantly for hospitals, the bill requires the work group to recommend strategies to integrate CCBHCs into the state's broader health care financing system in alignment with the Achieving Healthcare Efficiency Through Accountable Design (AHEAD) Model. Additionally, including a representative from a statewide hospital association on the work group ensures that hospitals have a direct voice in the development of behavioral health rate-setting policies that have systemwide implications.

SB 39 is a balanced approach that combines near-term stabilization with long-term planning. We also support the effort currently underway to align the provisions of this bill with those included in HB 772, which seeks to achieve similar goals.

For these reasons, we request a favorable report on SB 39.

For more information, please contact:
Natasha Mehu, Vice President, Government Affairs & Policy
Nmehu@mhaonline.org

Testimony in support of SB0039 - Behavioral Health
Uploaded by: Richard KAP Kaplowitz
Position: FAV

SB0039_RichardKaplowitz_FAV
03/03/2026
Richard Keith Kaplowitz
Frederick, MD 21703

TESTIMONY ON SB#/0039- POSITION: FAVORABLE

Behavioral Health - Certified Community Behavioral Health Clinics and Outpatient Mental Health Centers - Reimbursement Rates

TO: Chair Beidle, Vice Chair Hayes, and members of the Finance Committee
FROM: Richard Keith Kaplowitz

My name is Richard Keith Kaplowitz. I am a resident of District 3, Frederick County. I am submitting this testimony in support of SB#/0039, **Behavioral Health - Certified Community Behavioral Health Clinics and Outpatient Mental Health Centers - Reimbursement Rates**

As reported by Maryland Matters *Maryland needs another 30,000 behavioral health workers to meet growing demand - Recent report shows that Maryland's 'significant' shortage will worsen unless the state can boost the workforce* [1]

Maryland is currently experiencing a significant mental health crisis, particularly among young people, with over 838,000 residents aged 12 and older struggling with mental health conditions. The crisis is characterized by long emergency department wait times, severe workforce shortages requiring over 30,000 new workers, and high rates of depression, especially in teenagers. [2]

Key aspects of the crisis include:

- **Youth Impact**
- **System Strain**
- **Workforce Shortage**
- **Budget Pressures**

The state is working to expand community-based care to reduce the reliance on institutionalization for children and youth.

This bill proposes actions to respond to the crisis. The bill will work by establishing the Workgroup on Certified Behavioral Health Clinic Implementation and Rate Methodology in the Behavioral Health Administration; requiring the Maryland Department of Health to conduct a certain rate study of outpatient mental health centers in the State; requiring the Department to increase the Maryland Medical Assistance Program reimbursement rate for outpatient mental health centers by 3% in fiscal years 2026 and 2027; etc. The data can then guide future actions.

I respectfully urge this committee to return a favorable report on SB#/0039.

[1] https://marylandmatters.org/2024/12/02/maryland-needs-another-30000-behavioral-health-workers-to-meet-growing-demand/#:~:text=That%20would%20be%204%2C000%20new,it%20in%20more%20expensive%20settings.%E2%80%9D

[2] Google AI Search "is thera a mental health crisis in Maryland"

SB 39 - Behavioral Health Certified Community Beha

Uploaded by: Sara Westrick

Position: FAV

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SB 39 - Behavioral Health – Certified Community Behavioral Health Clinics and Outpatient Mental Health Centers – Reimbursement Rates
Senate Finance Committee
March 3, 2026
FAVORABLE

Good afternoon, Chair Beidle, Vice Chair Hayes, and members of the Senate Finance Committee. Thank you for the opportunity to submit written testimony in support of Senate Bill 39. On behalf of AARP Maryland and our 850,000 members across the state, I urge the committee to pass Senate Bill 39, Behavioral Health-Certified Community Behavioral Health Clinics and Outpatient Mental Health Centers-Reimbursement Rates. We thank Senator Lam for sponsoring this important legislation.

My name is Dr. Lois Meszaros, and I am a licensed psychologist with a clinical practice in Anne Arundel County. As a mental health care provider, I am acutely aware of the shortage of both behavioral health services and trained mental health staff. After retiring and moving back to Sevena Park, I immediately began receiving calls from older adults who said Novitas Solutions, Inc., which manages the insurance for Medicare patients, recommended they contact me because I was new to the area and accepting new patients. These older adults were having difficulty locating a therapist who was taking new patients and would accept Medicare. Many therapists are not accepting new patients, are private-pay only, and are overwhelmed with referrals.

Certified Community Behavioral Health Clinics (CCBHCs) are designed to ensure access to coordinated, comprehensive behavioral health care. They get people into services quickly and provide crisis services 24 hours a day, 7 days a week. They are required to serve anyone who requests care for mental health or substance use, regardless of their ability to pay, place of residence, or age. This includes older adults in need of behavioral health or substance use services and helps to close a gap for much-needed services. CCBHCs help older adults navigate behavioral health care, physical health care, social services and other systems in which they are involved. The State has operated CCBHCs under federal grant funding since 2018, which is not sustainable. The State should transition from grant funding to a rate methodology model to maintain these essential services.

Outpatient mental health centers (OMHC) are vital to the State's behavioral health system, providing community-based treatment for individuals with serious mental health conditions. They are in a financial crisis due to inadequate reimbursement rates. Replacing the current system with a rate methodology would sustain these vital services.

This bill establishes a Workgroup on the Implementation and Rate Methodology for Certified Behavioral Health Clinics within the Behavioral Health Administration. It requires the Maryland

Department of Health to conduct a rate study of outpatient mental health services and to convene a rate reform advisory panel to review and approve a rate methodology. The Workgroup shall submit its findings to the Governor and the General Assembly no later than December 1, 2027.

A review of funding methods and reimbursement rates is necessary to maintain and enhance Maryland's behavioral health care system.

As such, AARP Maryland respectfully urges a **favorable report** on SB 39.

If you have any questions, please contact Sara Westrick at swestrick@aarp.org or by calling 410-310-0374.

SB 39 - FAV - UMMS.pdf
Uploaded by: Will Tilburg
Position: FAV

UNIVERSITY of MARYLAND
MEDICAL SYSTEM

Senate Bill 39 – Behavioral Health – Certified Community Behavioral Health Clinics and Outpatient Mental Health Centers – Reimbursement Rates

POSITION: Favorable
March 3, 2026
Senate Finance Committee

The University of Maryland Medical System ("UMMS") strongly supports Senate Bill 39 – Behavioral Health – Certified Community Behavioral Health Clinics and Outpatient Mental Health Centers – Reimbursement Rates.

Senate Bill 39 ("SB 39") would establish a Workgroup on Certified Community Behavioral Health Clinic Implementation and Rate Methodology within the Maryland Department of Health to study and recommend sustainable reimbursement rate methods for Certified Community Behavioral Health Clinics (CCBHCs) statewide, including assessing costs, barriers, and financing integration. The Department would be responsible for conducting a cost-driven rate study of outpatient mental health centers, and the bill mandates annual reimbursement rate increases of at least 3% percent for outpatient mental health centers in fiscal years 2026 and 2027, and requires future state budgets to include funding to implement the new cost-based methodology, with reporting and implementation deadlines extending into 2027 and beyond.

SB 39 would modernize and strengthen Maryland's behavioral health reimbursement framework to better align payment rates with the actual cost of providing care. The legislation seeks to address longstanding disparities in how behavioral health services are reimbursed compared to other medical specialties and aims to promote network adequacy and access to care. By updating reimbursement methodologies, the bill will work to ensure that behavioral health providers can sustainably deliver high-quality services.

Simply put, behavioral health providers in Maryland are not compensated in line with other medical specialties, and this adversely impacts access to care. Behavioral health clinicians are reimbursed approximately 23 percent less than clinicians performing similar services in other areas of medicine.[1] This persistent disparity undermines the sustainability of behavioral health programs and makes it more difficult to recruit and retain qualified clinicians. Without equitable reimbursement, health systems face structural challenges in maintaining the services Marylanders depend on.

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[1] Mark, T. L., & Parish, W. J. (2024). Behavioral health parity – Pervasive disparities in access to in-network care continue. RTI International. (Available at https://www.rti.org/publication/behavioral-health-parity-pervasive-disparities-access-network-care-continue).

Disparities in reimbursement are a contributing factor in the ongoing behavioral health workforce shortage. An estimated 32,000 additional workers are needed by 2028 to meet projected behavioral health demand in the State, and according to a recent report by the Maryland Health Care Commission, inadequate compensation is a significant factor.[2] Ensuring appropriate reimbursement is a critical step toward building a stable workforce capable of addressing the growing prevalence of anxiety, depression, substance use disorders, and other acute behavioral health conditions across the state.

One concern raised by opponents to rate reform is that overall health care costs will increase, UMMS does not believe this will be the case. Outpatient and inpatient behavioral health services delivered in certified community behavioral health clinics and outpatient mental health centers are significantly less expensive than care delivered in emergency departments or acute care hospitals. For example, in FY25, outpatient care at the Klein Family Center at the University of Maryland Upper Chesapeake Health was $222 per outpatient visit and $779 per day for residential treatment. In contrast, the average emergency department visit costs $1,190, and an acute care inpatient admission averages $20,095 per stay. Investing in sustainable reimbursement for community-based behavioral health services reduces overall system costs, decreases avoidable emergency department utilization, and prevents unnecessary hospitalizations.

The Klein Family Center as a Case Study

The Klein Family Center serves as a core component of the regional behavioral health system, consistently demonstrating strong outcomes, expanded access to care, reduced emergency department utilization, fewer avoidable inpatient admissions, and measurable clinical improvements for individuals experiencing behavioral health crises. Klein provides essential services to residents of Harford County and to patients from Cecil and Baltimore Counties, serving Medicaid, Medicare, and commercially insured individuals, with policies ensuring treatment regardless of ability to pay. Despite its critical role, Klein's current reimbursement model results in persistent annual operating losses of millions of dollars. Internal financial analyses have found that Medicare and Medicaid reimbursement rates do not cover the cost of residential care, creating a structural shortfall.

For these reasons, the University of Maryland Medical System supports SB 39, and respectfully requests a ***favorable*** report on the bill.

For more information, please contact:

Will Tilburg
Vice President, Government and Regulatory Affairs
University of Maryland Medical System
William.Tilburg@umm.edu

[2] Investing in Maryland's Future: A needs assessment to inform the design of the Behavioral Health Workforce Investment Fund established by the Maryland legislature through Senate Bill 283, Maryland Health Care Commission (2024), Available at https://marylandmatters.org/wp-content/uploads/2024/11/Full-Report_Maryland-BH-Workforce-Assessment-_Final-Oct-2024.pdf.

SB39 - FAV w AMEND - Everstand 2.27.26.pdf

Uploaded by: Andrea Carroll
Position: FWA

Everstand
Enriching Communities, One Family at a Time

Written Testimony on Senate Bill 39:
Behavioral Health - Certified Community Behavioral Health Clinics and Outpatient Mental Health Centers - Reimbursement Rates
Senate Finance Committee
Hearing Date: March 3, 2026
Position: FAVORABLE WITH AMENDMENTS

My Name is Andrea Carroll, and I am the Director of Behavioral Health Services at Everstand. Our organization is based in Baltimore County and has sites across the state of Maryland which offer residential treatment, education, and community-based services to children and families with serious mental illness. We operate three Outpatient Mental Health Clinic (OMHC) programs, in Anne Arundel, Baltimore, and Caroline Counties.

I am submitting this written testimony on behalf of Everstand to **request your support of the amended version of SB39**, which will ensure a robust rate-setting methodology for behavioral health programs like ours. SB39 intends to become a cross-file of HB772, and amendments have been prepared to align the two pieces of legislation. **This bill will create a process that is independent, transparent, and inclusive of providers to determine the most effective and sustainable way to navigate increasing behavioral health costs and demand in a time of diminishing workforce capacity.**

Times are changing and we need our process for setting behavioral health rates to change too. The behavioral health workforce is shrinking, leading to vacancies and recruitment challenges as demand and compensation for providers increases. **Our organization currently experiences vacancies of 6 months or greater to fill open therapist positions.** This leads to caseload coverage, then burnout, then more turnover. **Gaps in provider coverage lead to limited access to care for kids and families with behavioral health challenges.**

Behavioral health needs for kids and youth are increasing. Costs of personnel, from competitive salaries to health care benefits, are increasing. Implementation of high-quality, evidence-based treatment models comes with increased costs. We have absorbed these costs, but current reimbursements do not reflect the full cost of delivering care. **Behavioral health programs for kids and families, like ours, are not sustainable under the current funding model.** We need a rate-setting methodology that reflects the actual cost of delivering services in Maryland communities.

Let's get this right. We urge you to vote favorably on the amended version of SB39 to establish a comprehensive and balanced behavioral health rate study workgroup that will effectively evaluate and recommend the best way forward in this changing landscape.

Sincerely,

Andrea Carroll, LCPC
Director of Behavioral Health Services
Everstand
acarroll@everstand.org

LCPCM-SB 39-Workgroup on Behavioral Health Rate Me
Uploaded by: Andrea Mansfield
Position: FWA

Committee: Senate Finance Committee

Bill: SB 39 Behavioral Health - Certified Community Behavioral Health Clinics and Outpatient Mental Health Centers – Reimbursement Rates

Hearing Date: March 3, 2026

Position: **SUPPORT WITH AMENDMENT**

The Licensed Clinical Professional Counselors of Maryland (LCPCM) **SUPPORT** SB 39 Workgroup on Behavioral Health Rate Methodology Modernization – Establishment **WITH AMENDMENTS** to add a representative of LCPCM to the Workgroup and to broaden the scope to include independent outpatient settings in addition to certified community behavioral health clinics (CCBHC) and outpatient mental health centers (OMHC).

States implementing the federal CCBHC model through SAMHSA (Substance Abuse and Mental Health Services Administration) often move toward prospective payment systems (PPS) for CCBHCs and OMHCs. That creates stable funding streams for CCBHCs and OMHCs, higher reimbursement floors, and greater administrative infrastructure support, but independent outpatient providers often remain on traditional fee schedules which can unintentionally shift workforce into CCBHCs, create inequitable reimbursement for equivalent services, and undermine private community-based capacity.

LCPCs provide much needed comprehensive mental health care and services to individuals in crisis just like CCBHCs and OMHCs. Some LCPCs may also work in these centers. Examining the rate setting and reimbursement methodology across the full spectrum of providers can serve to expand the number and improve access to care.

LCPCM respectfully requests the scope of the workgroup be expanded to include "INDEPENDENT OUTPATIENT PROVIDERS" and "ONE REPRESENTATIVE OF THE LICENSED CLINICAL PROFESSIONAL COUNSELORS OF MARYLAND DESIGNATED BY THE PRESIDENT OF THE ASSOCIATION" be added to the Workgroup.

For these reasons, LCPCM supports SB 39 with amendments and urges a favorable report with the above amendments.

Please contact Andrea Mansfield at amansfield@maniscanning.com or (410) 562-1617 if we can provide additional information.

MDCHI Testimony SB39 Bill Brooks.pdf

Uploaded by: Bill Brooks

Position: FWA

Testimony on Senate Bill 39:

Behavioral Health - Certified Community Behavioral Health Clinics and Outpatient Mental Health Centers - Reimbursement Rates

Senate Finance Committee

March 3, 2026

POSITION: FAVORABLE WITH AMENDMENTS

My name is Bill Brooks, and I am the President & CEO at Maryland Community Health Initiatives, Inc. a/k/a Penn North Recovery, a community-based behavioral health provider serving men and women in Baltimore City.

SB39 intends to become a cross-file of HB772, and amendments have been prepared to align the two pieces of legislation. Penn North strongly supports the amended version of SB39 because it strengthens Maryland's rate study process by ensuring independence, transparency, and meaningful provider participation. It improves the process. It does not mandate automatic rate increases. It ensures that rate-setting is clear, data-informed, and grounded in operational reality.

At Penn North, we serve approximately 60 individuals each year through Outpatient Mental Health Center services. We are experiencing real operational strain. Currently, out biggest challenge is the lack of available staff to support the workforce we need to serve the community. We have been unable to fill positions due to the workforce shortage in our area and we haven't even been able to find suitable candidates outside our area. Additionally, the cost associated with providing these services has increased due to dramatic regulatory changes in the areas of board certified supervisors, the requirement to have a medical doctor psychiatrist on staff, and the need to hire compliance staff to work with accreditation and regulatory agencies. We currently have vacancies for LCSW-C, LCPC, and Psychiatrist.

Current reimbursement does not reflect the full cost of delivering care. We have absorbed increased costs related to supervision, compliance, documentation, and reporting. These requirements are necessary, but they depend on staffing and infrastructure that are not accounted for in the current rates.

Providers delivering care every day should have a formal role in informing how rates are studied and developed. The amended version of SB39 ensures that providers have a seat at the table so that the methodology reflects the actual cost of delivering services in Maryland communities.

For these reasons, I respectfully request a favorable report on the amended version of SB39.

Sincerely,

Bill Brooks
President & CEO
Penn North
bbrooks@penn-north.org
410-728-2080

SB39 Written Testimony.docx.pdf

Uploaded by: Cari Cho
Position: FWA

Written Testimony on SB39
Workgroup on Behavioral Health Rate Methodology Modernization - Establishment
Finance Committee
March 3, 2026

POSITION: FAVORABLE WITH AMENDMENTS

My name is Cari Guthrie, President and CEO of Cornerstone. Since 1971, Cornerstone has offered behavioral health services to people ages 5 and up in Calvert, Charles, St. Mary's, and Montgomery Counties. We currently serve over 3000 clients. We are one of the original CCBHC's in Maryland, supported with SAMHSA grant dollars. We provide services across the continuum of care - residential, psychiatric rehabilitation, crisis, ACT, targeted case management (TCM), employment, In Home Intensive Services (IHIP) and outpatient mental health centers (OMHC).

SB39 intends to become a cross-file of HB772, and amendments have been prepared to align the two pieces of legislation. This bill is key to supporting Maryland Behavioral Health System for several reasons:

1. It provides a data driven approach to rate setting.
2. It provides a structured process with the work group that includes providers.
3. It incorporates CCBHC cost study data - CCBHC's provide the first behavioral health structured and mandated model of care - something we have never had before.
4. It incorporates federal Medicaid financing rules and requirements.
5. It ensures transparency and plans for implementation.
6. It helps us determine a rate structure that supports the services that are being provided and helps ensure they can continue.

These policy measures are desperately needed, as Cornerstone's experience demonstrates the devastating impact of a lack of rate methodology.

Since Cornerstone took over 3 of Montgomery County OMHC's in 1999, we have budgeted annual losses up to $1 million dollars for that program. One of the reasons that Montgomery County privatized their 5 clinics at that time was simply that the Medicaid rates could not support the County salary structure and they could no longer afford to manage that service. Even though our salaries were lower, that has still not been enough to change that issue. OMHC's are our most costly service because of the cost of the licensed providers that are required - psychiatrists, Nurse Practitioners, nurses, and therapists all need to be licensed and all have much higher salaries. As a nonprofit organization with a limited budget, we have not been able to match salaries with many of our competitors - often losing candidates and staff to government, schools, hospitals, or DC and Virginia. But we continued to provide these services, maintaining that they are key to our mission and depending upon other service lines to make up the difference. The problem with that is over time, you impact the stability of the entire organization with ongoing deficits and the inability to provide

salary increases and other benefits and needs to all staff across the agency - even across programs that make money and could support higher salaries if they stood alone.

What has that meant for Cornerstone? It means we have had turnover rates as high as 40% while coming out from COVID. It means that we have had to close intake to new clients in multiple programs even as need has increased because we do not have the staff capacity to serve them. Hiring licensed providers has been the most challenging - while other positions are filled in less than 30 days, these licensed positions take over 3 months to put in place. Our clinic alone lost 400 clients during COVID and we have not been able to recover any of those numbers because of staffing capacity. It means that we have had to purposefully shrink three programs capacity - ACT by 100 clients, Residential Crisis by 8 beds, and Behavioral Health Homes by 250 clients, because we didn't have the staff to provide the services. Our exit interviews confirmed that those staff were leaving because they could get higher paying jobs elsewhere. Those same exit summaries also report that they love the clients, they love their teams and they wish they could stay.

That annual $1 million dollar loss in the OMHC could have paid for a lot of salary increases over the years and we would not be in this situation. Rate setting for CCBHCs and OMHC's can stabilize workforce, access to care, and quality of care.

Cornerstone's mission is to empower people with behavioral health disorders to thrive in their community through collaboration, treatment, education, and advocacy. We are bearers of hope, committing to helping them live a life of their choosing. Approving HB772 is an obvious step to improve access to effective health care so that they can improve their health, be productive members of their community, and have a quality life of their choosing. We respectfully request a favorable report on HB772.

Thank you.

2026-03-03 - MD - Pyramid Healthcare - Testimony r
Uploaded by: Collan Rosier
Position: FWA

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March 3, 2026

Delivered Via MyMGA Witness Signup Platform

The Hon. Tammy Kraft, Chair
Senate Finance Committee
Maryland General Assembly
3 East Miller Senate Office Building
11 Bladen Street
Annapolis, MD 21401

The Hon. Antonio Hayes, Vice Chair
Senate Finance Committee
Maryland General Assembly
223 James Senate Office Building
11 Bladen Street
Annapolis, MD 21401

RE: Pyramid Healthcare Testimony In Favor of Senate Bill 39 – An Act Concerning "Behavioral Health - Certified Community Behavioral Health Clinics and Outpatient Mental Health Centers - Reimbursement Rates" with Amendments

Dear Chair Beidle, Vice Chair Hayes, and members of the Senate Finance Committee:

Pyramid Healthcare, Inc. ("Pyramid Healthcare") writes in support of SB39, which would establish "the Workgroup on Certified Behavioral Health Clinic Implementation and Rate Methodology in the Behavioral Health Administration," require "the Maryland Department of Health to conduct a certain rate study of outpatient mental health centers in the State," and require the Department to increase the Maryland Medical Assistance Program reimbursement rate for outpatient mental health centers by 3% in fiscal years 2026 and 2027." SB39 intends to become a cross-file of HB772, and amendments have been prepared to align the two pieces of legislation.

The Pyramid Healthcare family of companies is an integrated behavioral healthcare system serving Medicaid, commercial, Affordable Care Act Exchange, and veterans affairs clients in nine (9) states across a continuum of residential and outpatient substance use disorder ("SUD"), mental health, autism, and eating disorder treatment services. We employ over 3,600 team members across our 80+ active facilities caring for over 14,000 unique commercial and Medicaid patients every day throughout our locations. With over 2,100 active beds throughout our system, we are one of the largest adult Medicaid residential SUD treatment providers in the country.

In Maryland, we operate five locations serving over 2,000 residents per year: a withdrawal management & residential treatment center and an outpatient treatment center in California; a withdrawal management & residential treatment center in Charlotte Hall; a withdrawal management & residential treatment center in Joppa; and a withdrawal management & residential treatment center in Bowie. In total, we have almost 275 licensed SUD residential treatment beds for adult Medicaid clients across the state We also have two facilities in the eastern panhandle of West Virginia which are able to serve Maryland Medicaid clients in western Maryland.

Pyramid Healthcare strongly supports the amended version of SB39 because it strengthens Maryland's rate study process by ensuring independence, transparency, and meaningful provider participation. It improves the process. It does not mandate automatic rate increases. It ensures that rate-setting is clear, data-informed, and grounded in operational reality. Employers are experiencing historic workforce turnover and staffing challenges. This is a particular issue for Medicaid providers who have fixed reimbursement rates and are unable to pass on higher labor costs to their customers.

Current reimbursement does not reflect the full cost of delivering care. We have absorbed increased costs related to supervision, compliance, documentation, and reporting. These requirements are necessary, but they depend on staffing and infrastructure that are not accounted for in the current rates. Providers delivering care every day should have a formal role in informing how rates are studied and developed. The amended version of SB39 ensures that providers have a seat at the table so that the methodology reflects the actual cost of delivering services in Maryland communities. For these reasons, I respectfully request a favorable report on the amended version of SB39.

Thank you for your support of behavioral health providers – including those in both substance use disorder and mental health – in Maryland and for considering our policy proposals and recommendations on behalf of Pyramid Healthcare. If we can provide any additional information or materials, please contact me at crosier@pyramidhc.com or 667-270-1582. In addition, we invite you or a member of the Committee or staff to reach out and schedule a visit to one of our Maryland locations sometime soon to learn more about our programs and services.

Sincerely,

Collan B. Rosier
Vice President of Government Relations

CC: Members, Senate Finance Committee
Tammy Kraft, Committee Manager, Senate Finance Committee

SB0039_MHAMD_FWA.pdf
Uploaded by: Dan Martin
Position: FWA

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Senate Bill 39 Behavioral Health - Certified Community Behavioral Health Clinics and Outpatient Mental Health Centers - Reimbursement Rates
Finance Committee
March 3, 2026
Position: FAVORABLE WITH AMENDMENTS

Mental Health Association of Maryland (MHAMD) is a nonprofit education and advocacy organization that brings together consumers, families, clinicians, advocates and concerned citizens for unified action in all aspects of mental health and substance use disorders (collectively referred to as behavioral health). We appreciate the opportunity to provide this testimony in support of Senate Bill 39, with amendments.

Sponsor amendments to SB 39 will align the bill with HB 772.

As amended, SB 39 would establish the Workgroup on Behavioral Health Rate Methodology Modernization in the Maryland Health Care Commission (MHCC) to develop transparent, cost–based reimbursement methodologies for certified community behavioral health clinics (CCBHC) and outpatient mental health centers (OMHC).

The HOPE Act of 2017 (CH 572/SB 967 | CH 571/HB 1329) included a provision requiring the Behavioral Health Administration (BHA) and Maryland Medicaid to conduct an independent, cost-driven rate-setting study to set reimbursement rates for providers of community-based behavioral health services and to implement a payment system based on the findings of this study. This work was supposed to be completed by September 30, 2019. *See Md. Annotated Code, Health-General Article §16-201.3(e)*

Unfortunately, for a variety of understandable reasons – including departmental budgetary and staffing challenges, the covid pandemic, uncertainty at the federal level and more – this rate study was never completed. Nevertheless, Maryland behavioral health providers have been asked to continue delivering quality mental health and substance use care for years at rates that do not reflect the cost of doing business. This is an unsustainable arrangement that impacts access to care for Marylanders in need of these services.

To their credit, BHA reported earlier this session that they have contracted with a vendor to facilitate the HOPE Act's required rate study over the next 12-18 months; and we very much appreciate the work they have led over the past year to engage stakeholders and prepare Maryland for an eventual application to participate in the federal CCBHC demonstration program. These are critically important initiatives, and MHAMD supports any efforts that would complement, support and accelerate that work.

Thank you for your attention to these comments. Please do not hesitate to contact us with any questions.

For more information, please contact Dan Martin at (410) 978-8865

SB 39_BH Rate Study WG_BHSB_FAVORABLE W AMENDMENT.
Uploaded by: Dan Rabbitt
Position: FWA

March 3, 2026

Senate Finance Committee
TESTIMONY IN SUPPORT W/AMENDMENT
SB 39 - Behavioral Health - Certified Community Behavioral Health Clinics and Outpatient Mental Health Centers - Reimbursement Rates

Behavioral Health System Baltimore (BHSB) is a nonprofit organization that serves as the local behavioral health authority (LBHA) for Baltimore City. BHSB works to increase access to a full range of quality behavioral health (mental health and substance use) services and advocates for innovative approaches to prevention, early intervention, treatment and recovery for individuals, families, and communities. Baltimore City represents nearly 35 percent of the public behavioral health system in Maryland, serving over 100,000 people with mental illness and substance use disorders (collectively referred to as "behavioral health") annually.

BHSB strongly supports SB 39 - Behavioral Health - Certified Community Behavioral Health Clinics and Outpatient Mental Health Centers - Reimbursement Rates. This bill once amended to match its intended crossfile HB722 would establish a workgroup to analyze the costs of providing outpatient behavioral health services and evaluate reimbursement methodologies that can adequately cover such costs. The proposed amendments would not require an immediate rate increase or mandate any appropriation.

The Maryland Department of Health (MDH) has been required to conduct a rate study for outpatient behavioral health since 2017. MDH did not move forward to implement such a study until recently. BHSB appreciates that the rate study now appears to be underway. SB 39 would strengthen and augment this process.

SB 39, once amended to match HB722, would create a workgroup with defined membership that would oversee the development of the cost and rate study. This workgroup includes stakeholders across the behavioral health system and would ensure that the study fully accounts for the realities of delivering services and the opportunities different methodologies may provide. The bill also establishes the Maryland Health Care Commission (MHCC) as the lead entity driving the study instead of MDH. MHCC is independent of the rate setting process, and their involvement will strengthen community confidence in the study recommendations.

BHSB supports this effort to ensure proper investment in the public behavioral health system. A comprehensive review is needed to understand provider costs and the upward pressures of competing with hospitals and health systems who receive annual rate increases. Competing with Baltimore hospitals for behavioral health talent is challenging so studying the dynamics of the market would help ensure rates are sufficient to attract talent, increase access, and ensure high quality.

We thank the Department for starting the rate study process and believe SB 39 will only strengthen that process. **BHSB urges the Senate Finance Committee to support SB 39.**

For more information, please contact BHSB Policy Director Dan Rabbitt at 443-401-6142

CCI-CRMHS SB Testimony.pdf
Uploaded by: Kara Morris
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Testimony on Senate Bill 39:

Behavioral Health - Certified Community Behavioral Health Clinics and Outpatient Mental Health Centers - Reimbursement Rates

Senate Finance Committee

March 3, 2026

POSITION: FAVORABLE WITH AMENDMENTS

My name is Kara K. Morris, and I am the Executive Director at Crossroads Community, Inc and Corsica River Mental Health Services, Inc., a community-based behavioral health provider serving adults and youth in the Mid-Shore region of the Eastern Shore.

SB39 intends to become a cross-file of HB772, and amendments have been prepared to align the two pieces of legislation. Crossroads Community, Inc and Corsica River Mental Health Services, Inc., strongly supports the amended version of SB39 because it strengthens Maryland's rate study process by ensuring independence, transparency, and meaningful provider participation. It improves the process. It does not mandate automatic rate increases. It ensures that rate-setting is clear, data-informed, and grounded in operational reality.

At Crossroads Community, Inc and Corsica River Mental Health Services, Inc., we serve approximately 1200 individuals each year through, Outpatient Mental Health Clinic, Outpatient Substance Use Treatment, Assertive Community Treatment Team, Psychiatric Rehabilitation Program, Residential Rehabilitation Program, Health Homes Program, and Respite Services. We are experiencing real operational strain.

Specifically, these are just a few of the impacts we have experienced:

Workforce Vacancies and Recruitment Challenges
Low reimbursement rates have severely limited our ability to recruit and retain qualified staff. We are unable to compete with for-profit employers, not just those in our fields but even unrelated fields including fast food and grocery stores, that can offer higher starting wages than we are able to provide for direct care roles. As a result, we have not operated at full Residential staffing capacity in over five years.

We are especially impacted in therapist positions, where government agencies, hospitals, and private mental health practices offer significantly higher salaries.

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Wait Times for Outpatient Services
While referral rates for outpatient services are higher than ever, our clinical capacity has not kept pace due to workforce shortages driven by inadequate rates. Currently, individuals must wait 45–60 days from referral before they can be scheduled for an intake appointment. These delays create barriers to timely access to care and increase the risk that individuals' symptoms will worsen before services can begin.

Current reimbursement does not reflect the full cost of delivering care. We have absorbed increased costs related to supervision, compliance, documentation, and reporting. These requirements are necessary, but they depend on staffing and infrastructure that are not accounted for in the current rates.

Providers delivering care every day should have a formal role in informing how rates are studied and developed. The amended version of SB39 ensures that providers have a seat at the table so that the methodology reflects the actual cost of delivering services in Maryland communities.

For these reasons, I respectfully request a favorable report on the amended version of SB39.

Sincerely,

Kara K. Morris, MS, CPRP, CFRP, RPS
Executive Director
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SB39_FWA_Gaudenzia.pdf
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Date: March 3, 2026

Committee: Senate Finance Committee

Bill: Senate Bill 39- Behavioral Health - Certified Community Behavioral Health Clinics and Outpatient Mental Health Centers - Reimbursement Rates

Position: Favorable with Amendments

Gaudenzia offers this testimony in support of Senate Bill 39 (SB 39).

Gaudenzia was founded in 1968 by a conscientious group of community members who wanted to help themselves and each other overcome the challenges of drug and alcohol use. They soon learned that a collective group was much stronger than an individual, struggling alone. Over the next 55 years, Gaudenzia began serving those in need of treatment for substance use and co-occurring disorders, becoming one of the nation's first providers with programs designed to meet the needs of individuals with substance use or co-occurring disorders, including those diagnosed with HIV/AIDS or under criminal justice involvement. Today, Gaudenzia is one of the largest non-profit substance use and co-occurring disorders treatment providers in the northeast United States, serving Pennsylvania, Delaware, Maryland, and the Washington, D.C. areas. More information is available at www.gaudenzia.org.

A Certified Community Behavioral Health Clinic (CCBHC) is a specially designated clinic that provides a comprehensive range of mental health and substance use services. CCBHCs serve anyone who walks through the door, regardless of their diagnosis and insurance status. CCBHCs are nonprofit organizations or units of a local government behavioral health authority. They must provide nine types of services, either directly or by contracting with partner organizations, with an emphasis on providing 24-hour crisis care, evidence-based practices, care coordination with local primary care and hospital partners, and integration with physical health care. CCBHCs dramatically increase access to care, expand the states' capacity to address the overdose crisis, reduce mental health-related hospitalizations, help address the workforce shortage, and create innovative partnerships with law enforcement, schools, and hospitals to improve care.[1]

SB 39 is intended to be the companion of House Bill 772 (HB 772) - Workgroup on Behavioral Health Rate Methodology Modernization – Establishment. HB 772 directs the Maryland Health Care Commission to establish a Workgroup that will develop transparent, cost–based reimbursement methodologies for CCBHC's and outpatient mental health centers (OMHCs). Gaudenzia is currently one of six behavioral health providers participating in the State's CCBHC federal demonstration grant program, and we believe in the efficacy of this treatment model. Already in the first two years of the demonstration grant, we have served 561 individuals at our CCBHC location in the Park Heights neighborhood of Baltimore City. By the end of the 5-year demonstration grant, we expect to serve 2,100 clients. SB 39, with conforming amendments to cross file HB 772, demonstrates continued support and intentional implementation of the CCBHC care model in Maryland, and builds on the momentum of behavioral health providers who are committed to the CCBHC treatment model.

For these reasons, Gaudenzia respectfully requests a favorable report with amendments on SB 39.

Lauren C. Graziano, Director of Government Affairs
lauren.graziano@gaudenzia.org

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[1] What Is a CCBHC?

SB39 Testimony.pdf
Uploaded by: Madelin Martinez
Position: FWA

SB39
Behavioral Health – Certified Community Behavioral Health Clinics and Outpatient Mental Health Center – Reimbursement Rates
Senate Finance Committee
March 3, 2026
Support with Amendments

Catholic Charities of Baltimore strongly supports SB39, with amendments, as it is intended to be a cross-file of HB772, on which we previously submitted testimony in support. This amended legislation will strengthen Maryland's rate study process by ensuring independence, transparency, and meaningful provider participation. It doesn't mandate automatic rate increases but rather ensures that rate-setting is data-informed and grounded in operational reality.

Catholic Charities' Villa Maria Behavioral Health program is one of the largest nonprofit providers of behavioral health services in Maryland. Our 225 counselors and psychiatric rehabilitation specialists serve more than 3,500 patients across eight Maryland counties and Baltimore City through community schools, stand-alone clinics, and telehealth. Rising costs, including inflation, competitive salaries, benefits, and utilities, combined with outdated reimbursement structures are placing significant strain on our and other providers' ability to serve the ever-growing number of patients with behavioral health and addiction treatment needs.

According to the report of the Maryland Health Care Commission ("Investing in Maryland's Behavioral Health Talent," Oct. 2024), "Maryland's behavioral health workforce shortage is due to 'historical underinvestment in the behavioral health system, increasing rates of mental illness and substance use and high rates of burnout and attrition [which] has led to a national shortage of peer recovery specialists.'" The report recommends that the state invest about $148.5 million over the next five years to help fix the workforce shortage, using those funds to raise wages for staff and reimbursement rates for providers. The first strategy noted by the report for addressing the issue is to– "PROVIDE COMPETITIVE COMPENSATION" …since more than half of paraprofessionals and many early career social workers and counselors do not make a living wage for a single adult in Maryland. After adjusting for cost of living, median salaries are lower than neighboring states in key occupations, including social workers, counselors, psychiatrists, and nurse practitioners. Paying a living wage and keeping pace with other settings and states is foundational." Maryland needs a rate-setting process that addresses these challenges and ensures that provider rates reflect the true cost of delivering care…something the current reimbursement rate and rate-setting process does not do.

Providers delivering care every day should have a formal role in informing how rates are studied and developed. The amended version of SB39 ensures that providers have a seat at the table so that the methodology reflects the actual cost of delivering services to Maryland's patients in need of behavioral health care.

For these reasons, Catholic Charities of Baltimore urges the committee to issue a favorable report for SB39, with amendments.

Submitted By: Madelin Martinez, Assistant Director of Advocacy on behalf of Val Twanmoh, Senior Advisor Advocacy and Policy

SB0039-FWA-CBH.pdf

Uploaded by: Nicole Graner

Position: FWA

Testimony on Senate Bill 0039:
Certified Community Behavioral Health Clinics & Outpatient Mental Health Centers Reimbursement Rates
Senate Finance Committee
March 3, 2026
POSITION: FAVORABLE WITH AMENDMENT

SB39 intends to become a cross-file of HB772, and amendments have been prepared to align the two pieces of legislation.

The Community Behavioral Health Association of Maryland (CBH) strongly supports SB39 as amended because Maryland's behavioral health rate-setting process needs to be independent, transparent, and grounded in the real-world experience of the providers delivering care every day. When rates do not reflect the actual cost of providing services, access suffers, workforce pressures increase, and the State's broader behavioral health goals become harder to achieve. The amended version of SB39 creates a clear, data-driven pathway to modernize that process. We respectfully urge a favorable report.

CBH represents 95 community-based behavioral health providers across Maryland, including Outpatient Mental Health Centers (OMHCs) and Certified Community Behavioral Health Clinics (CCBHCs) serving individuals who access services through the public behavioral health system in every region of the State.

Maryland law has required an independent, cost-driven rate study for community behavioral health services since 2017. That work is now underway, and we appreciate that the Department has moved it forward. However, the amended version of SB39 strengthens the process in two important ways:

1. **It formalizes meaningful provider participation.**
   Consultation is not the same as participation. Providers need a defined seat at the table when methodology is being shaped, cost drivers are being identified, and implementation options are being evaluated. On paper, many policy ideas look reasonable. In practice, they can unintentionally destabilize outpatient systems. The amended version of the bill ensures that operational realities are part of the analysis from the start.
2. **It ensures independence and transparency.**
   Rate-setting directly affects whether providers can sustain services and whether Marylanders can access care. Housing this work within an independent structure at MHCC adds an important layer of objectivity and public accountability. That independence strengthens confidence in the final recommendations, regardless of where the data ultimately leads.

Outpatient behavioral health providers are the backbone of Maryland's system. When reimbursement does not reflect supervision requirements, workforce costs, regulatory obligations, and geographic variation:

- Vacancy rates increase.
- Access delays worsen.
- Emergency departments become default entry points.
- Crisis investments cannot function as intended.

Modernizing methodology is not about inflating rates. It is about aligning payment with the actual cost of delivering evidence-based outpatient care and creating a process that providers and the State can both trust. As amended, SB39 builds on existing rate study efforts and establishes guardrails to ensure the work is collaborative, independent, and implementable. For these reasons, CBH respectfully requests a favorable report on the amended version of SB39.*For more information contact Nicole Graner, Director of Government Affairs and Public Policy, at Nicole@mdcbh.org*.

CBH
COMMUNITY BEHAVIORAL
HEALTH ASSOCIATION
OF MARYLAND

Testimony on Senate Bill 39.pdf

Uploaded by: Wunmi Adediji, LCPC

Position: FWA

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Providing Help and Hope to Families since 1999

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Testimony on Senate Bill 39
Behavioral Health - Certified Community Behavioral Health Clinics and Outpatient Mental Health Centers - Reimbursement Rates

Senate Finance Committee
March 3, 2026

POSITION: FAVORABLE WITH AMENDMENTS

My name is **Wunmi Adediji, LCPC, NCC**, and I serve as **Program Director at Hope Health Systems, Inc.**, a community-based behavioral health provider serving children, adolescents, and adults across Baltimore County, Baltimore City, and surrounding jurisdictions.

Hope Health Systems strongly supports the amended version of SB39 because it strengthens the integrity of Maryland's behavioral health rate study process by ensuring independence, transparency, and structured provider participation. The bill does not mandate automatic rate increases. Rather, it ensures that reimbursement methodology is grounded in actual service delivery costs and fiscal realities.

Hope Health Systems serves more than **2,500 Marylanders annually** through OMHC services, school-based mental health, psychiatric rehabilitation, medication management, and intensive outpatient programming. Demand for services continues to increase; however, reimbursement rates have not kept pace with inflation, workforce costs, or compliance requirements.

Workforce Cost Pressures and Medicaid Sustainability
Our licensed clinician vacancy rate has ranged between **15–20%**, driven primarily by compensation gaps between community providers and hospital systems, private telehealth platforms, and out-of-state employers. Recruitment packages must now account for higher salaries, supervision costs, licensure incentives, and retention supports. Without reimbursement rates that reflect market realities, community providers are forced to absorb these costs or reduce service capacity. Over time, this creates instability in the Medicaid behavioral health network.

Access Constraints and Downstream System Impact
Our outpatient intake wait times average **3–5 weeks**, with longer delays for psychiatric evaluation services. When community providers cannot expand capacity due to rate constraints, individuals often present in higher-cost settings such as emergency departments or inpatient units. Inadequate outpatient reimbursement therefore shifts costs downstream to more expensive levels of care, increasing overall system expenditures rather than containing them.

In addition, current rates do not account for the full cost of compliance with COMAR standards, electronic health record systems, measurement-based care implementation, reporting mandates, supervision structures, and quality oversight. These are not optional expenses—they are regulatory and accreditation requirements essential to safe, accountable care.

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Providers delivering care daily must have a structured role in informing how rates are studied and developed. The amended version of SB39 strengthens the methodology without pre-determining fiscal outcomes. It promotes transparency and ensures that rate-setting reflects operational data rather than assumptions.

A stable, data-informed reimbursement structure is essential to maintaining Maryland's community behavioral health infrastructure and preventing greater long-term system costs.

For these reasons, I respectfully request a favorable report on the amended version of SB39.

Sincerely,

Wunmi Adediji, LCPC, NCC
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SB 39 - FIN - MDH - LOO (1).pdf
Uploaded by: Meghan Lynch
Position: UNF

Wes Moore, Governor · Aruna Miller, Lt. Governor · Meena Seshamani, M.D., Ph.D., Secretary

March 3, 2026

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

RE: Senate Bill 39 – Behavioral Health - Certified Community Behavioral Health Clinics and Outpatient Mental Health Centers - Reimbursement Rates – Letter of Opposition

Dear Chair Beidle and Committee Members:

The Maryland Department of Health (the Department) respectfully submits this letter of opposition for Senate Bill (SB) 39 – Behavioral Health - Certified Community Behavioral Health Clinics and Outpatient Mental Health Centers - Reimbursement Rates. The Department notes this legislation is duplicative of existing efforts already underway, will pose an additional administrative burden, and will be associated with a substantial fiscal impact in excess of $5M general funds (GF) annually.

Creation of the Behavioral Health Rate Methodology Modernization Workgroup within the Behavioral Health Administration (BHA) is duplicative. Under the Heroin and Opioid Prevention Effort and Treatment (HOPE) Act of 2017 (HB1329/SB 967; Chapters 571 and 572 of the Acts of 2017), the Department is required to:

1. Conduct an independent cost-driven, rate-setting study to set community provider rates for community-based behavioral health services that includes a rate analysis and an impact study that considers the actual costs of providing community-based behavioral health services
2. Develop and implement a payment system incorporating the findings of the rate-setting study, including projected costs of implementation and recommendations to address any potential shortfall in funding; and
3. Consult with stakeholders, including community providers and individuals receiving services, in conducting the rate–setting study and developing the payment system.

BHA convened the Behavioral Health System of Care Optimization and Integration Workgroup and corollary stakeholder discussion groups. As a result, the workgroup determined that a two-phased process was needed to conduct the study and a Request for Proposal for a contractor to perform the study. A contract for the rate-setting work, to be monitored by Maryland Medicaid, was approved by the Board of Public Works on June 5, 2024 to Myers and Stauffer, LC for a one-year term, with two, one-year renewal options.

As part of the contract, in Phase One, Myers and Stauffer will design and develop a cost report template to capture the cost of Behavioral Health Services. The cost report will be developed with the input from Department personnel as well as external stakeholders. Stakeholders will be provided with a draft of the cost report template and given an opportunity to provide comments in a virtual meeting. Using provider payment data provided by BHA, Myers and Stauffer will select a statistically valid sample of providers that will be required to complete the cost report template. The sample size for each provider type will consider the number of providers, the payments of the sample providers relative to the total payments for the provider type, and geographical representation for counties in Maryland.

Once the cost report template is final and the provider samples have been selected, Myers and Stauffer will conduct provider training to ensure timely and accurate completion of cost reports. In Phase Two, Myers and Staufer will collect cost reports from providers by an agreed upon due date and will perform a desk review of the completed cost reports. The desk review will verify the reported costs have been incurred and are allowable per Maryland and CMS regulations. Once all desk reviews for a provider type are complete, the cost report data will be collected in a database that can be used for future rate study activities.

Additionally, there will be a substantial fiscal impact associated with implementing mandatory OMHC rate increases beginning in FY26 - at minimum, from FY26 through FY31, the rate increases will cost $81,594,825 TF ($29,569,965 GF, $52,024,861 FF). For purposes of its fiscal estimate, the Department assumes the rate increase for FY26 would take effect in the last quarter of the fiscal year although the Act itself specifies a July 1, 2027 effective date. To implement a rate increase for OMHCs, a state plan amendment (SPA) will need to be submitted to the Centers for Medicaid and Medicare Services; retroactive rate increases prior to the first day of the quarter in which the SPA is submitted are permitted.

Certified Community Behavioral Health Clinics (CCBHCs)

SB 39 requires one site participating in the Certified Community Behavioral Health Clinic Demonstration (Demonstration) to participate in the Workgroup. Currently, no sites are participating in the Demonstration. Congressional appropriations expire January 30, 2026. The Department was awarded a Planning Grant (Grant) that ends December 30, 2026. CCBHC activities will continue through Dec. 30, 2026 under the Grant.

As with rate setting, some of the tasks of SB 39 related to CCBHCs are duplicative, including tasks required by the CCBHC Planning Grant. The Department is required to complete a study on CCBHCs by May 1, 2026 (2025 JCR p. 172, Study on Cost Savings Associated with Certified Community Behavioral Health Clinics). The study must include, among other elements:

- Anticipated implementation costs to participate in the demonstration program and a description of the methodology used to estimate these costs;
- Potential payment for services, including prospective payment methodologies; and
- A cost benefit analysis of the CCBHC model that includes potential cost savings related to emergency department visits and potentially avoidable hospital utilization, as well as improved health outcomes for CCBHC participants.

The Department started meeting monthly with CCBHC stakeholders in August 2025 to discuss CCBHC implementation, including CCBHC payment systems and provider capacity. The monthly stakeholder meetings have already covered provider concerns and feedback about data-sharing and reporting, and discussed the certification criteria for licensure.

The federal statute requires states to select from one of four prospective payment rates (PPS) (daily or monthly cost-based rates). With support of stakeholders, the Department selected PPS-1. PPS-1 is a daily rate for all CCBHC costs, and was chosen and supported by stakeholders because it is the most direct payment method. Most states participating in the Demonstration use PPS-1. Organizations interested in being certified as CCBHCs will submit cost reports in April detailing their anticipated expenses for CCBHC service delivery. These will be reviewed by a third-party auditor and used to develop the PPS-1 rate for each organization.

If you would like to discuss this further, please do not hesitate to contact Meghan Lynch, Director of Governmental Affairs at Meghan.Lynch@maryland.gov.

Sincerely,

Meena Seshamani, M.D., Ph.D
Secretary of Health

SB 39 - FIN - MACHO - LOI.docx (1).pdf
Uploaded by: State of Maryland (MD)
Position: INFO

2026 SESSION
POSITION PAPER

BILL:	**SB 39 – Behavioral Health – Certified Community Behavioral Health Clinics and Outpatient Mental Health Centers – Reimbursement Rates**
COMMITTEE:	**Senate – Finance Committee**
POSITION:	**Letter of Information**
BILL ANALYSIS:	**SB 39 establishes a Workgroup on Certified Behavioral Health Clinic Implementation and Rate Methodology in BHA; requires MDH to conduct a certain rate study of outpatient mental health centers in MD; requires MDH to increase the MD Medical Assistance Program reimbursement rate for outpatient mental health centers by 3% in FY 26 and FY 27; and other related actions.**

POSITION RATIONALE: The Maryland Association of County Health Officers (MACHO) supports a rate study for Outpatient Mental Health Centers (OMHCs) and increasing reimbursement rates, activities that would directly address long standing structural challenges that threaten access to essential behavioral health services across MD. We recognize that BHA has been working to achieve these objectives, some of which were authorized by 2017 legislation and others that depend on federal action. Therefore, MACHO provides an LOI for SB 39, to share how some of our local health departments are involved in delivering these services and how they are dependent on BHA completing this crucial work.

OMHCs provide critical services in communities throughout the state, including counseling, medication management for individuals with serious mental illness, treatment for substance use disorders, buprenorphine induction, school-based services for children in crisis, and more. OMHCs offer trusted, community-based care that enables individuals to receive treatment close to home, an especially vital function in rural and underserved areas where transportation and access are persistent barriers.

Despite their essential role, OHMCs are facing a growing crisis. Reimbursement rates have not kept pace with rising salaries, benefits, and operating costs, placing severe financial strain on providers and leading to closures, including the loss of an OHMC in Frederick County last year. At the same time, outdated regulatory and reimbursement frameworks limit operational flexibility and fail to reflect current clinical practice or workforce realities, even as the State has expanded the roles of qualified behavioral health professionals to improve efficiency and reduce costs. MACHO was invited to participate in the review of COMAR 10.63 regulations BHA has underway and will continue to provide input where possible and invited.

Planned reforms will help prevent further erosion of Maryland's OMHC infrastructure and increase access to care for those who need it most.

For these reasons, the Maryland Association of County Health Officers submits this Letter of Information for SB 39. For more information, please contact Ruth Maiorana, MACHO Executive Director at rmaiora1@jhu.edu or 410-937-1433. *This communication reflects the position of MACHO.*