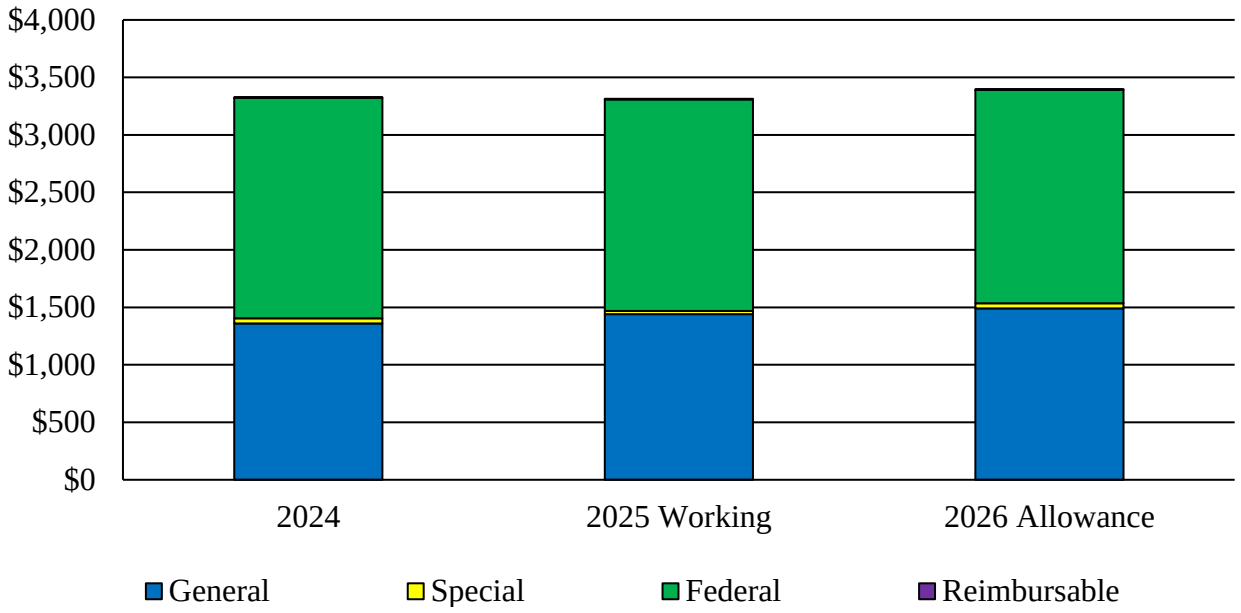
M00L
Behavioral Health Administration
Maryland Department of Health

Executive Summary

The Maryland Department of Health (MDH) Behavioral Health Administration (BHA) is responsible for coordinating State programs to prevent, treat, and support individuals with mental illness, substance use disorders (SUD), problem gambling disorders, and co-occurring conditions. The BHA budget also reflects provider reimbursements for specialty behavioral health services to those in the Medicaid program and the uninsured through the Public Behavioral Health System (PBHS), which is managed through an Administrative Services Organization (ASO). This analysis does not reflect funding the State-run psychiatric facilities, which are included as part of the M00A01 – MDH – Administration analysis.

Operating Budget Summary

Fiscal 2026 Increases $82.7 Million, or 2.5%, to $3.4 Billion
($ in Millions)



Note: The fiscal 2025 working appropriation accounts for deficiencies and planned reversions. The fiscal 2026 allowance accounts for contingent reductions. The fiscal 2025 impacts of statewide salary adjustments are centrally budgeted in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency's budget. The fiscal 2026 impacts of the fiscal 2025 statewide salary adjustments appear in this agency's budget. The fiscal 2026 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency's budget.

For further information contact: Naomi Komuro naomi.komuro@mlis.state.md.us

- The Governor's Fiscal 2026 Budget Plan assumes two reversions related to fiscal 2024 in BHA totaling $26.6 million in general funds. In addition, the fiscal 2026 budget includes 11 proposed deficiency appropriations for BHA in fiscal 2025 that would increase the working appropriation by a net of $97.9 million ($33.0 million in general funds). The increase is driven by a deficiency of $72.9 million in general funds and $76.2 million in federal funds to address anticipated shortfalls in behavioral health Medicaid services in fiscal 2025.

- The fiscal 2026 budget includes language that would reduce $4,017,728 in general funds contingent on legislation authorizing the transfer of excess special fund balances from various Health Professional Boards and Commissions. A provision to accomplish this is contained in the Budget Reconciliation and Financing Act (BRFA) of 2025.

- The fiscal 2026 allowance increases by $82.7 million compared to the fiscal 2025 working appropriation. This growth in fiscal 2026 is primarily driven by renewed federal grants to address SUD ($78.9 million), 1% provider rate increases ($19.5 million), and underspending in fiscal 2025 of grant funding for local behavioral health authorities (LBHA) ($17.7 million) and is offset by decreased expenditures for behavioral health Medicaid services due to declining enrollment and utilization ($74.1 million).

Key Observations

- ***BHA Responds to Elevated Behavioral Health Needs:*** The number of people impacted by behavioral health challenges has been increasing in recent years nationwide. Between fiscal 2019 and 2024, the number of people treated by the Maryland PBHS increased by 11%. In addition, MDH has cited changes in data reporting that could be resulting in an undercounting of actual behavioral health diagnoses. In Maryland, the need for more high-intensity services poses challenges to the behavioral health system.

- ***Maryland's Behavioral Health Workforce Is Insufficient to Meet Growing Need:*** A recent report found that Maryland employs about 50% of the needed behavioral health workforce to meet the behavioral health needs of the State and recommended six strategies to address the shortfall, including increasing pay, providing funding for education and training, and improving conditions for those currently in the workforce.

- ***BHA Launches Assisted Outpatient Treatment (AOT) Program:*** Chapters 703 and 704 of 2024 required the establishment of AOT programs in every jurisdiction to provide wraparound behavioral health care for individuals court-ordered to seek treatment. MDH is required to establish programs in any jurisdiction that does not opt to establish its own program; as of the January 31, 2025 deadline, no jurisdiction opted to establish its own program. AOT programs employ a team of clinicians and social workers to develop an outpatient treatment plan for adults who meet certain criteria, including a diagnosis of

serious and persistent mental illness and a demonstrable lack of adherence to treatment. During the program's first year, BHA has hired an AOT director and is preparing to provide grants to local jurisdictions to implement the program.

- ***Recoupment of Provider Overpayments and Transition to New ASO:*** BHA transitioned to a new ASO as of January 1, 2025, and has made significant progress recouping provider payments stemming from complications in the prior ASO's payment system. As of January 2025, MDH had recouped or forgiven all but $7.1 million of the total $359.6 million in overpayments. MDH continues to meet daily with the new ASO, Carelon Behavioral Health, Inc. (Carelon), to address system challenges; train providers; and ensure claims are submitted, authorized, and reimbursed accurately and timely.

Operating Budget Recommended Actions

		Funds
1.	Modify budget bill language to increase the contingent reduction of general funds and change the allocation of board balance being transferred.	
2.	Restrict funding pending three reports on provider reimbursements.	
3.	Add language restricting the appropriation for M00L01.02 to be expended only in M00L01.02, M00L01.03, M00Q01.03, or M00Q01.10.	
4.	Reduce the general fund appropriation for behavioral health investments due to the inclusion of funding for services that are billable to Medicaid.	-$ 9,900,000
5.	Delete the appropriation for the 1% provider rate increase in M00L01.02, M00L01.03, and M00Q01.10.	-$ 19,463,307
6.	Modify language on the special fund appropriation to change the amount of board balance transferred to the Behavioral Health Administration.	
7.	Add language restricting the appropriation for M00L01.03 to be expended only in M00L01.02, M00L01.03, M00Q01.03, or M00Q01.10.	
8.	Add language restricting the appropriation for M00Q01.10 to be expended only in M00L01.02, M00L01.03, M00Q01.03, or M00Q01.10.	

		Funds
9.	Add language restricting the deficiency appropriations for M00Q01.10 to be expended only in M00L01.02, M00L01.03, M00Q01.03, or M00Q01.10.	
10.	Reduce $9.0 million in the fiscal 2025 appropriation for M00L01.03 due to projected surplus.	
	Total Net Change	**-$ 29,363,307**

Operating Budget Analysis

Program Description

BHA develops and coordinates a comprehensive system of services for people with mental illness, SUD, problem gambling disorders, and those with co-occurring mental illness and SUD. BHA programs and services work across a continuum of care, which includes prevention, care, treatment, and recovery. Local core services agencies deliver services in their respective jurisdictions across the State. BHA establishes personnel standards and develops and administers professional development and training to behavioral health professionals. BHA also develops and operates programs for SUD-specific research, education, and prevention efforts, in addition to treatment and recovery programs.

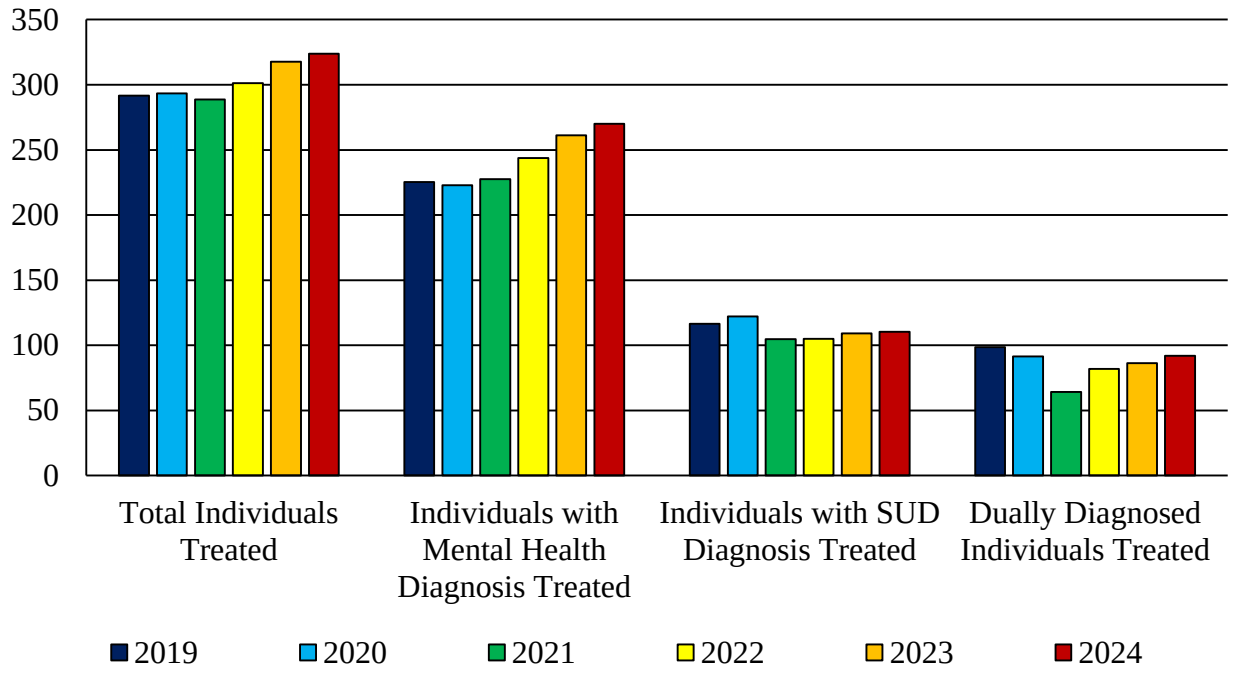
In fiscal 2015, funding for Medicaid-eligible specialty mental health services (based on diagnosis) was moved into the Medical Care Programs Administration (MCPA). In fiscal 2016, funding for SUD was carved out from managed care and budgeted as fee-for-service in program M00Q01.10 alongside Medicaid eligible specialty mental health services. The funding in M00Q01.10 is reflected in this analysis.

Performance Analysis: Managing for Results

1. Following Pandemic-era Decline, Number of People Served by PBHS Continues to Grow

In fiscal 2024, Maryland's PBHS served nearly 324,000 people, 1.9% more than the number served in fiscal 2023. As shown in **Exhibit 1**, the total number of individuals receiving care has been increasing since fiscal 2021, driven mainly by an increase in the provision of mental health services and services for individuals who are dually diagnosed. During the first two years of the COVID-19 pandemic, fewer individuals sought out mental health treatment (a 1% decline between fiscal 2019 and 2020), and significantly fewer individuals sought out services to address SUD or dual diagnoses (14.3% and 29.9% fewer, respectively, between fiscal 2020 and 2021). Beginning in fiscal 2022, the number of people seeking treatment in all three categories has grown in each subsequent year. Between fiscal 2020 and 2024, the number of people diagnosed with a mental illness seeking care increased year over year, particularly between fiscal 2021 and 2022 (7.0%) and between fiscal 2022 and 2023 (7.2%). Growth between fiscal 2023 and 2024 was more modest, and the number of people accessing SUD care through PBHS has still not rebounded to pre-fiscal 2020 levels. Compared to fiscal 2019 utilization, 5.3% fewer individuals accessed SUD services in fiscal 2024.

Exhibit 1
Statewide Utilization of the Public Behavioral Health System
Fiscal 2019-2024



SUD: substance use disorder

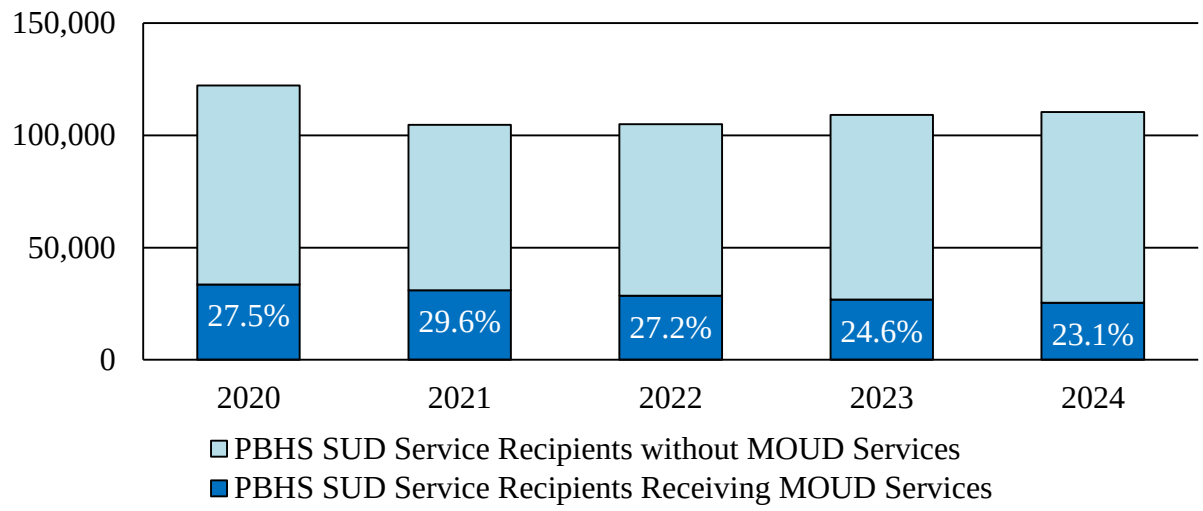
Source: Maryland Department of Health; Department of Legislative Services

MDH indicates that the appearance of lower levels of access to care prior to fiscal 2020 could be attributed to how data reporting has changed for this population. Whereas information about an individual's diagnosis or treatment history was previously a standard data reporting measure, under the Optum ASO beginning in fiscal 2020, this information became optional. Some providers opt to not disclose the data necessary to ascertain dual diagnosis status or do not always list an SUD diagnosis on claims for mental health services (or vice versa). MDH suggests that this is a more accurate reading of what appears to be a failure to bounce back to fiscal 2019 levels, rather than decreased access to care or lower need. However, BHA intends to use some of the funding appropriated for investments in PBHS to increase access to services through efforts such as mobile crisis response teams. These investments are discussed in Issue 1 of this analysis.

2. Medication for the Treatment of Opioid Use Disorder

Medication for the treatment of opioid use disorder (MOUD) includes treatments such as buprenorphine, naltrexone, and methadone and is offered primarily through Opioid Treatment Programs (OTP) or Office-Based Opioid Treatment (OBOT) providers throughout Maryland. OTPs are certified by the federal Substance Abuse and Mental Health Services Administration (SAMHSA) to administer MOUD and provide or refer patients to other necessary medical and psychosocial treatment services. OBOT providers are often primary care providers or addiction specialists who are authorized to prescribe buprenorphine and naltrexone but cannot prescribe or dispense methadone. In Maryland, licensed practitioners, except veterinarians, with valid U.S. Drug Enforcement Administration registration with Schedules II through V authority can also prescribe buprenorphine. In addition, in Maryland, MOUD services are available at detention centers, recovery residencies, primary care settings, pharmacies, and SUD residential treatment facilities. As shown in **Exhibit 2**, the total number of individuals receiving SUD services through PBHS in fiscal 2021 decreased by 14.3% compared to fiscal 2020. After this decrease, the number receiving SUD services through fiscal 2024 increased annually, reaching 110,371 in fiscal 2024. The proportion of those receiving MOUD increased slightly in fiscal 2021 compared to fiscal 2020 but then decreased by 1.5 to 2.6 percentage points annually in each subsequent fiscal year.

Exhibit 2
Medication for the Treatment of Opioid Use Disorder
Usage Among Public Behavioral Health Services Recipients Decreases
Fiscal 2020-2024



MOUD: medication for the treatment of opioid use disorder
PBHS: public behavioral health services
SUD: substance use disorder

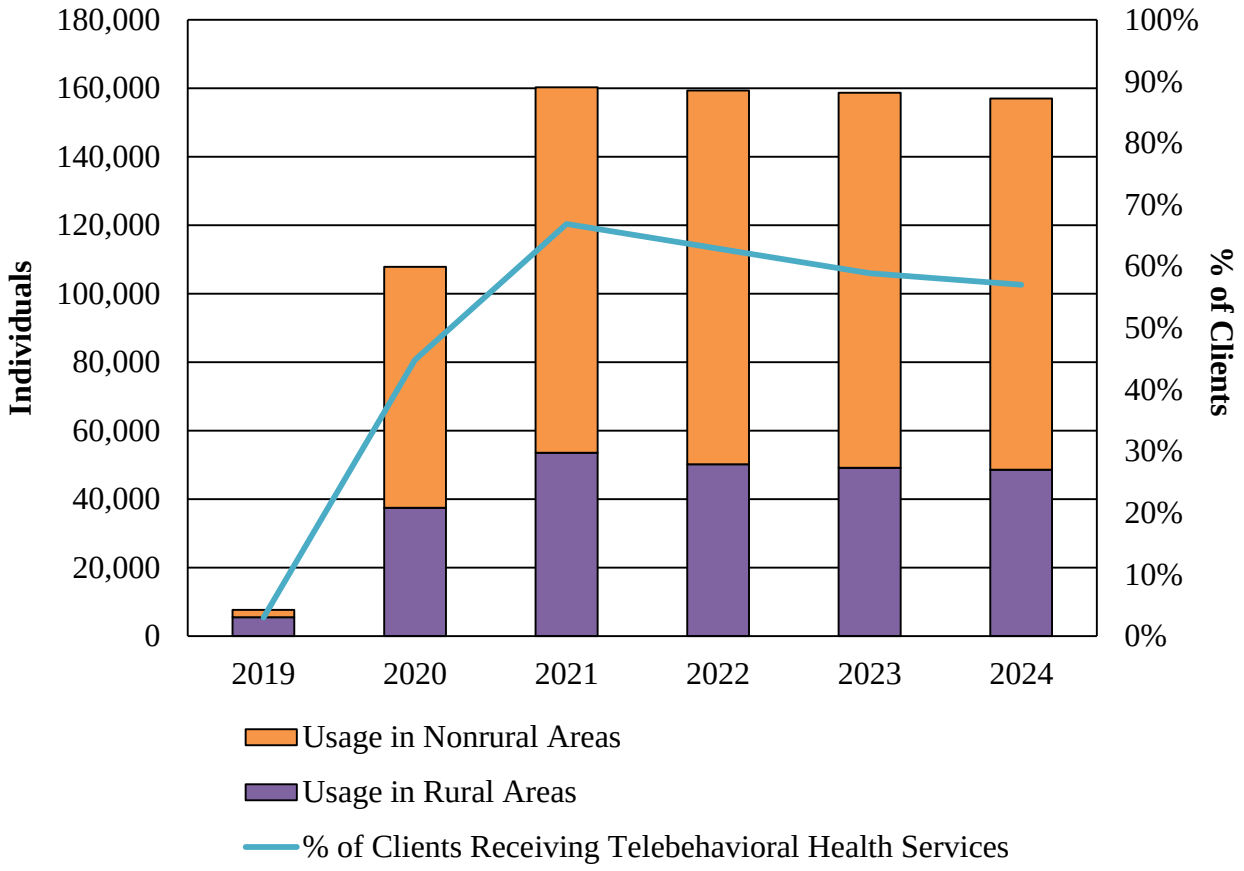
Source: Governor's Fiscal 2026 Budget Books; Department of Legislative Services

A component of this work takes place in carceral settings. Chapter 532 of 2019, also known as the Opioid Use Disorder Examinations and Treatment Act, requires local correctional facilities to conduct screening, evaluation, and treatment of each inmate using evidence-based screenings and assessments to determine if the medical diagnosis of an opioid use disorder is appropriate and if MOUD is appropriate. MDH has distributed funding from the Opioid Restitution Fund (ORF) to local correctional facilities to implement the programs. On January 13, 2025, MDH received approval from the U.S. Centers for Medicare and Medicaid Services (CMS) of an amendment to the Medicaid 1115(a) waiver (Maryland HealthChoice), which includes authorization for Maryland to provide MOUD to incarcerated individuals 90 days prior to release. There is also $4.4 million in special funds in the BHA budget to support this service, utilizing available funding through the ORF. **MDH should clarify if these special funds are still needed given the recent waiver approval.**

3. Telebehavioral Health

Since fiscal 2012, MDH has included telebehavioral health usage in rural areas in its annual Managing for Results data submission. MDH began including information on telebehavioral health care usage statewide in fiscal 2019. As seen in **Exhibit 3**, usage in both rural and nonrural areas increased significantly in fiscal 2020, and in fiscal 2021, the percentage of PBHS clients receiving outpatient services through telebehavioral health modalities peaked at 66.9% statewide. The sharp increase in usage compared to fiscal 2019 is due primarily to changes in eligibility for reimbursement during the COVID-19 pandemic. Beginning in fiscal 2020, federal public health waivers enabled MDH to reimburse providers for audio-only telehealth services. The Preserve Telehealth Access Acts of 2021 and 2023 (Chapter 71 of 2021 and Chapter 382 of 2023) require MDH to offer the service beyond the expiration of the COVID-19 public health emergency through June 2025. MDH does not plan to extend audio-only telehealth services past the June 2025 expiration.

Exhibit 3
Statewide Telebehavioral Health Usage
Fiscal 2019-2024



Source: Governor's Fiscal 2026 Budget Books; Department of Legislative Services

Fiscal 2025

Cost Containment

On July 17, 2024, the Board of Public Works (BPW) approved cost containment measures across the fiscal 2025 budget, including a reduction of $9.8 million in general funds in BHA including:

- $9.0 million reduction in the 9-8-8 Trust Fund due to the availability of special funds from telephone fee revenue, which is discussed in Issue 2;

- $600,000 for the entire appropriation of the Behavioral Health Care Coordination Value-Based Purchasing Pilot Program. Chapter 369 of 2023 established the program in BHA and required the Governor to include $600,000 in the annual budget from fiscal 2025 through 2027 to operate the program. The fiscal 2026 allowance includes the mandated $600,000 for the program. MDH indicates that it plans to release a request for applications by the end of calendar 2025; and

- $166,091 in BHA Program Direction to delay the hiring of 9 positions associated with licensing, compliance, and quality staffing.

Implementation of Legislative Priorities

Section 21 of the fiscal 2025 Budget Bill (Chapter 716 of 2024) added four items totaling $1.8 million in general funds to support crisis mental health services, including:

- $1.0 million to Arundel Lodge;

- $500,000 to the city of Frederick;

- $200,000 to Grassroots Crisis Intervention Center; and

- $100,000 to Pro Bono Counseling to support the WARMline.

As of January 16, 2025, BHA had distributed grants to Grassroots Crisis Intervention Center and Pro Bono Counseling. BHA indicates that it will award grants to Arundel Lodge and the city of Frederick before February 15, 2025.

Proposed Deficiency

The fiscal 2026 allowance includes nine proposed deficiency appropriations totaling a net increase of $97.9 million in fiscal 2025, including $33.0 million in general funds and $76.2 million in federal funds, partially offset by a reduction of $11.3 million in special funds. Increases totaling $151.5 million in deficiencies support provider reimbursements:

- $149.0 million in total funds ($72.9 million in general funds and $76.2 million in federal funds) for Behavioral Health Medicaid services; and

- $2.4 million in general funds for Medicaid-eligible individuals for non-Medicaid-eligible services.

In addition, one proposed deficiency replaces $14.3 million in special funds from the Cigarette Restitution Fund in the Community Services for the Uninsured program, with general funds, due to declines in this revenue source.

The deficiencies are partially offset by reductions in general funds totaling $53.5 million in the Community Services program, including:

- a reduction of $30.0 million due to delayed implementation of various behavioral health initiatives;
- a reduction of $18.7 million for SUD resident services in provider reimbursements in the Community Services for the Uninsured program;
- a reduction of $1.9 million for the Interagency Hospital Overstay Initiative; and
- a reduction of $3.0 million for the 9-8-8 Hotline due to the availability of special funds. This deficiency is contingent on a provision in the BRFA of 2025 that would eliminate the one-time funding mandate for fiscal 2025.

One deficiency appropriation withdraws general funds to be replaced by special funds ($3.0 million), for the Buprenorphine Initiative, available from the ORF.

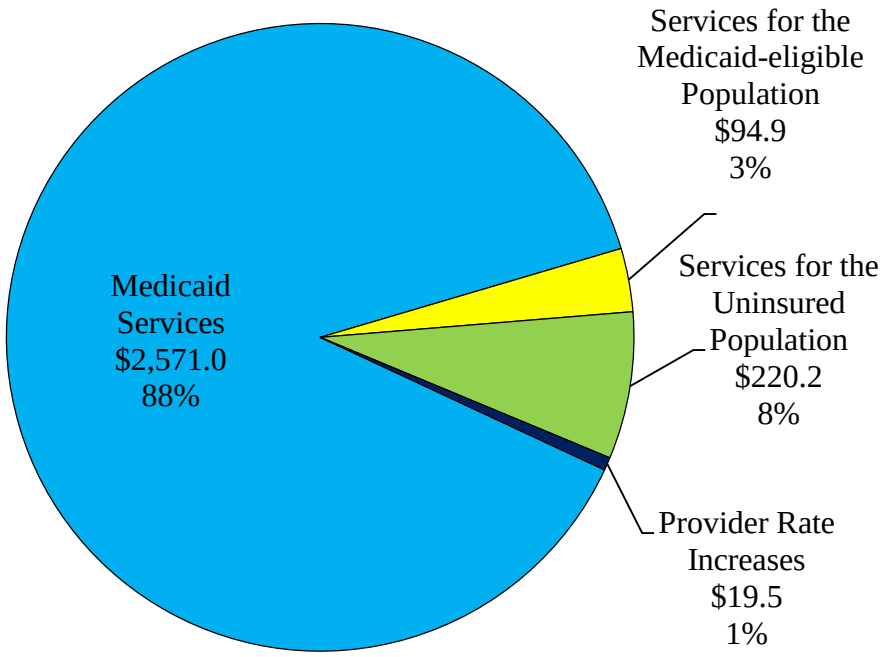
Planned Reversion

The Governor's fiscal 2026 budget plan assumes two reversions in fiscal 2025, both of which relate to fiscal 2024 expenses. One is a planned reversion of $22.7 million in general funds due to unspent grant funding for LBHAs from fiscal 2024. The remaining reversion of $3.9 million in general funds is for fiscal 2024 Behavioral Health Medicaid services. MDH advises that it will also cancel approximately $25.6 million in federal funds from this program from fiscal 2024, but this is not included as part of the budget plan.

Fiscal 2026 Overview of Agency Spending

The fiscal 2026 allowance includes $3.4 billion for BHA. Reimbursements to providers for behavioral health services comprise approximately 86% ($2.9 billion) of the total budget. **Exhibit 4** breaks out provider reimbursements by service type and recipient group. Most of the expenditures for provider reimbursements in BHA are for Medicaid-eligible services ($2.6 billion). Provider reimbursement costs for non-Medicaid-eligible services total 11% of the total provider reimbursements including $94.9 million for the Medicaid-eligible population receiving non-Medicaid-eligible services and $220.2 million for people who are uninsured. The fiscal 2026 allowance also includes $19.5 million for a 1% provider rate increase.

Exhibit 4
Behavioral Health Spending on Provider Reimbursements
Fiscal 2026 Allowance
($ in Millions)



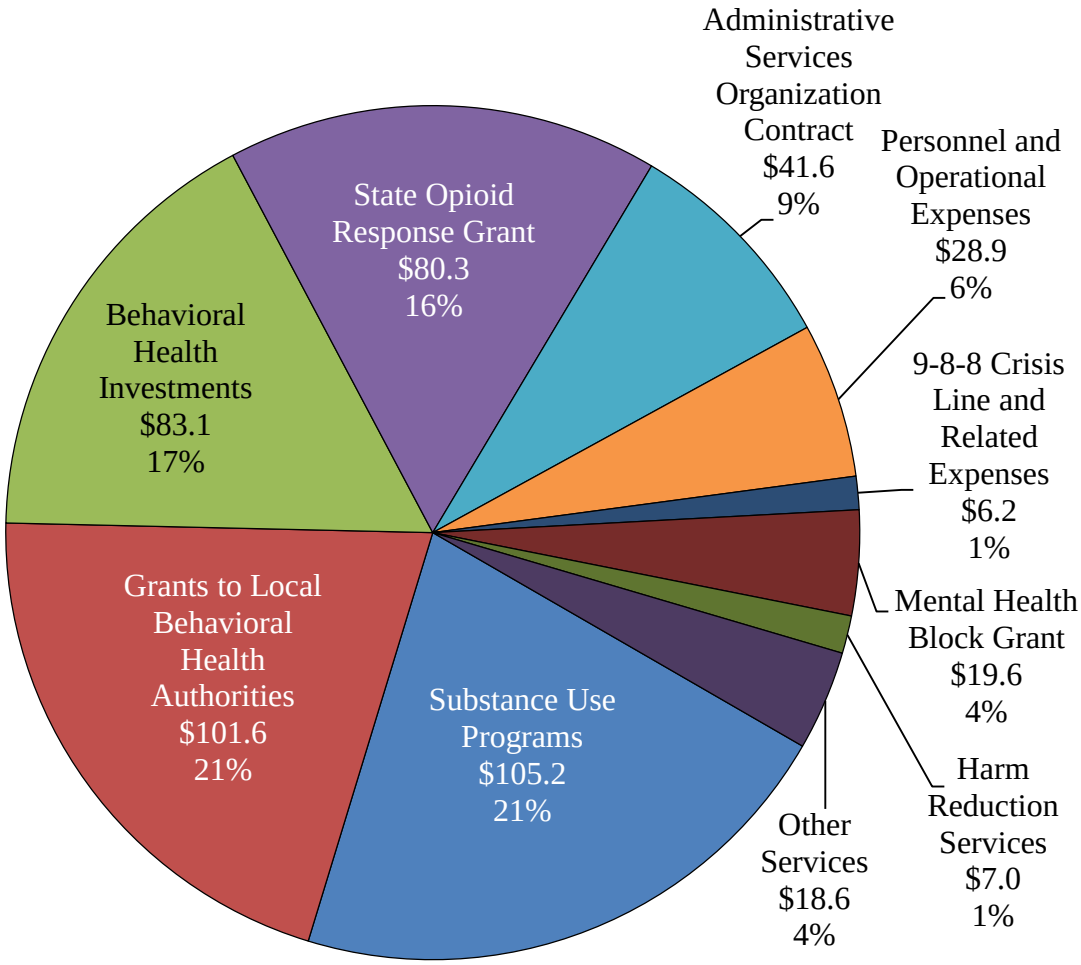
Provider Reimbursements Total = $2.9 Billion

Note: The fiscal 2026 allowance accounts for contingent reductions.

Source: Department of Budget and Management

Excluding expenditures related to provider reimbursements, the fiscal 2026 allowance includes $492.0 million for other BHA costs. As shown in **Exhibit 5**, funding for substance use comprises the largest share of the budget, nearly equal to the allocation in grants to LBHAs (21% each). The budget includes $83.1 million for behavioral health investments, including $4.4 million in special funds from the ORF. There is also $80.3 million in the budget for the federal State Opioid Response (SOR) grant, representing SOR III, which expires in September 2025, and SOR IV, which began September 2024 and expires in September 2027.

Exhibit 5
Behavioral Health Spending Excluding Provider Reimbursements
Fiscal 2026 Allowance
($ in Millions)



Note: The fiscal 2026 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency's budget.

Source: Department of Budget and Management

Proposed Budget Change

As shown in **Exhibit 6**, the largest change in the fiscal 2026 allowance is a reduction in provider reimbursements (a decrease of $74.1 million), due to reduced enrollment and utilization of behavioral health Medicaid services. Provider reimbursements for non-Medicaid services for the Medicaid-eligible population increase in fiscal 2026 by $7.8 million, while provider reimbursements for the uninsured decreased by $12.7 million. This net decrease is offset by an increase of $57.7 million for SOR grants, representing funding for the final months of the SOR III grant and the SOR IV grant, which began September 2024. Funding for LBHAs and core service agencies (CSA) providing behavioral health care services locally decrease by $6.6 million. MDH has also transferred the Center for Harm Reduction Services and community opioid abatement initiatives (supported with federal SOR dollars) from the Prevention and Health Promotion Administration (PHPA) to BHA, resulting in a $12.7 million increase in the BHA budget in fiscal 2026.

Exhibit 6
Proposed Budget
Maryland Department of Health – Behavioral Health Administration
($ in Thousands)

How Much It Grows:	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
Fiscal 2024 Actual	$1,359,127	$44,889	$1,917,643	$5,945	$3,327,605
Fiscal 2025 Working Appropriation	1,439,798	28,519	1,840,200	6,285	3,314,803
Fiscal 2026 Allowance	1,490,044	44,231	1,856,232	7,043	3,397,549
Fiscal 2025-2026 Amount Change	$50,246	$15,712	$16,032	$757	$82,746
Fiscal 2025-2026 Percent Change	3.5%	55.1%	0.9%	12.1%	2.5%

Where It Goes:	Change
Personnel Expenses	
Salary increases and associated fringe benefits, including fiscal 2025 cost-of-living-adjustment and increments	$1,203
Employee and retiree health insurance	730
Turnover adjustments (decrease from 10.88% to 8.09%)	688
Accrued leave payout	21
Other fringe expenses	42
Provider Reimbursements	
Fiscal 2026 rate increases for behavioral health service providers (1%)	19,463

Where It Goes:	**Change**
Health Home service moved from Medicaid to Behavioral Health related Medicaid January 1, 2025; increase reflects six months of expenditures in fiscal 2025	7,959
Provider reimbursements for behavioral health services for the Medicaid-eligible population	7,574
Provider reimbursements for behavioral health services for the uninsured population	-4,321
Provider reimbursements reflecting decreased Medicaid enrollment and utilization in fiscal 2026	-77,974
Substance Use Treatment, Recovery, and Harm Reduction	
SOR III (ending September 2025) and IV (began September 2024) grants for opioid abatement, including $8.0 million in SOR III dollars realigned from PHPA	65,695
Substance use services funding moved from OPHI to BHA	14,732
Harm reduction services moved from PHPA to BHA	4,716
Reduction in Behavioral Health Pediatric Primary Care Program	-1,735
Substance abuse prevention and treatment grants	-3,536
Public Behavioral Health System	
Behavioral health investments, after accounting for a reduction of $30 million by deficiency in fiscal 2025 due to delayed program implementation	23,874
Value-Based Purchasing Pilot program funding in the fiscal 2026 budget, after being deleted in cost containment in fiscal 2025	600
Reduced funding for core service agencies and local behavioral health authorities	-4,902
Mental health programs, decrease driven by expiration of COVID-19 stimulus awards	-5,779
Behavioral Health Crisis Response	
Crisis response partnership programs with police departments	576
9-8-8 Crisis Line and related services, accounting for fiscal 2025 general fund reduction contingent on BRFA provision that would eliminate $12 million mandate for fiscal 2025	384
One-time legislative addition of grants to support crisis services in fiscal 2025	-1,800
Other Changes	
Planned reversions in fiscal 2025 for fiscal 2024 expenditures	26,555
Increased ASO contract with new vendor	9,638
Interagency Hospital Overstay Initiative, accounting for fiscal 2025 general fund withdrawal	-738
Other	-919
Total	**$82,746**

ASO: Administrative Services Organization
BHA: Behavioral Health Administration
OPHI: Office of Population Health Improvement
PHPA: Prevention and Health Promotion Administration

BRFA: Budget and Reconciliation Financing Act SOR: State Opioid Response

Note: Numbers may not sum to total due to rounding. The fiscal 2025 working appropriation accounts for deficiencies, planned reversions, and contingent reductions. The fiscal 2026 allowance accounts for contingent reductions. The fiscal 2025 impacts of statewide salary adjustments are centrally budgeted in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency's budget. The fiscal 2026 impacts of the fiscal 2025 statewide salary adjustments appear in this agency's budget. The fiscal 2026 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency's budget.

State Opioid Response Grants

BHA distributes grants to LBHAs and CSAs to administer behavioral health services and programs in local jurisdictions. Funding is from multiple sources and can be used to provide crisis services, care coordination, mental health services, and harm reduction and SUD prevention and treatment. Federal SOR grants support SUD prevention and treatment and are distributed to support local jurisdictions' work. SAMHSA distributes SOR grants as two-year grants on a federal fiscal year cycle. Maryland received its first SOR grant in fiscal 2019. The fiscal 2026 allowance includes funding for SOR III and SOR IV. **Exhibit 7** shows SOR awards received by Maryland between fiscal 2024 and 2026.

Exhibit 7
State Opioid Response Funding in Maryland
Fiscal 2024-2026

	2024	2025	2026
State Opioid Response III	$22,620,959	$15,318,748	$30,733,868
State Opioid Response IV			50,446,991
Total	**$22,620,959**	**$15,318,748**	**$81,180,859**

Source: Governor's Fiscal 2026 Budget Books

Fiscal 2026 Funding for Local Jurisdictions

BHA distributes funding to LBHAs and CSAs to deliver behavioral health services in each jurisdiction. In Maryland, there are five CSAs in Anne Arundel County, Baltimore City, Mid-Shore, Harford County, and Washington County. Other jurisdictions rely on an LBHA for service delivery. Between fiscal 2025 and 2026, funding for local service delivery decreases by $4.9 million from $106.5 million to $101.6 million. A majority of this funding is for mental health services for CSAs ($24.3 million) and LBHAs ($44.0 million). The budget also includes $5.0 million for crisis response grants to support services that were funded by mandate in prior years.

Chapters 209 and 210 of 2018 established the Behavioral Health Crisis Response Grant Program requiring the Governor to include in the annual budget $3.0 million in fiscal 2020, $4.0 million in fiscal 2021, and $5.0 million in fiscal 2022 for the program. Subsequent legislation expanded the mandate to include $5.0 million annually from fiscal 2023 through fiscal 2025. This grant program distributes funding to LBHAs and CSAs to support various crisis services, including mobile crisis response teams that provide care coordination and services to individuals experiencing crisis and often prevent them from seeking care in emergency departments. Although the mandate expired this fiscal year, MDH indicates that it has set aside $5.0 million in the fiscal 2026 allowance to support the grant program as a part of the annual grants to LBHAs and CSAs.

BRFA

The BRFA of 2025 includes three provisions related to BHA. One of these related to eliminating a mandate for the 9-8-8 Trust Fund in fiscal 2025 is discussed in further detail in Issue 2 of this analysis.

A provision in the BRFA of 2025 as introduced authorizes transfers from balances of the following boards to BHA: the State Board of Acupuncture; the State Board of Dietetic Practice; the State Board of Chiropractic Examiners; the State Board of Examiners in Optometry; the State Board of Physical Therapy Examiners; the State Board of Social Work Examiners; the State Board of Audiologists; Hearing Aid Dispensers and Speech-Language Pathologists; the State Commission on Kidney Disease; and the State Board of Physicians. The fiscal 2026 Budget Bill includes language reducing $4.0 million in general funds and appropriating $4.0 million in special funds contingent on the provision authorizing the transfer of balances in these boards. The Department of Legislative Services (DLS) made a recommendation in the operating budget analysis for M00B01.04 – MDH – Health Professional Boards to modify the contingent language to increase the authorized balance transfers to BHA to $10.1 million and expand the boards with excess balance to include the State Board of Counselors and Therapists, the State Board of Psychologists, the State Board of Occupational Therapy, the State Board of Podiatric Providers, and the State Board of Massage Therapists. **DLS recommends modifying the language on the general fund contingent reduction to increase the amount that is reduced and alter the language on both the general fund reduction and special fund appropriation regarding the boards from which the funds may be transferred.**

Certified Community Behavioral Health Clinics

Chapter 275 of 2023 requires Maryland to apply to SAMHSA for federal planning, development, and implementation grant funds related to Certified Community Behavioral Health Clinics (CCBHC) for fiscal 2025 and inclusion in the State CCBHC demonstration program for fiscal 2026. The BRFA of 2025 includes a provision that would repeal these requirements. SAMHSA awarded MDH $926,053 in fiscal 2025, but MDH has not yet accepted or declined the award. **MDH should indicate if any other funding has been awarded for these grants, and if so, the grant totals.**

The CCBHC model is designed to ensure access to coordinated comprehensive behavioral health care. CCBHCs are required to serve anyone requesting care for mental health or substance use, regardless of their ability to pay, place of residence, or age. CCBHCs must meet standards for the nine types of services that they provide, including 24/7 crisis response. Recent research suggests those who receive care from a CCBHC have fewer behavioral-health-related emergency department visits compared to those who do not.

SAMHSA awards planning grants for the implementation of CCBHCs, funded at a 65% federal matching rate. There are currently five CCBHCs in Maryland. In addition to receiving funding from the CCBHC expansion grant, these clinics are a part of the Maryland PBHS and can bill for Medicaid-eligible services and receive State and federal grants. MDH indicated that it can apply for inclusion in SAMHSA's State CCBHC demonstration program for fiscal 2026 using existing budgeted resources. However, MDH advises that participation in the planning and demonstration grant in fiscal 2026 would be financially unsustainable due to the high costs associated with implementation in fiscal 2027. The department estimates that it would cost $227.7 million ($173.3 million in general funds and $54.4 million in federal funds) to implement and support the program in fiscal 2027. Expenditures include:

- $226.2 million ($172.8 million in general funds and $53.4 million in federal funds) to implement the program for 10 sites across the State;

- $1.2 million ($300,000 in general funds and $900,000 in federal funds) to implement systems changes and hire staff to monitor CCBHC billing in the behavioral health ASO; and

- $367,413 ($183,709 in general funds; $183,704 in federal funds) to support 4.0 new positions to support the program.

Behavioral Health Provider Reimbursements

As noted previously, most of the BHA budget supports provider reimbursements for behavioral health services. The fiscal 2026 allowance includes $2.9 billion for this purpose. Reimbursements for services utilized by people who are uninsured are included in the Community Services (M00L01.02) budget, and reimbursements for non-Medicaid services for individuals who are Medicaid eligible are included in the Community Services for Medicaid State Fund Recipients (M00L01.03) budget.

The BHA budget also includes costs for provider rate increases, which total $19.5 million in fiscal 2026, representing a 1% increase for providers of behavioral health services outside of hospital providers, which receive rate increases per rates set by the Maryland Health Services Cost Review Commission (HSCRC). **Due to the State's fiscal condition, DLS recommends deleting the $19.5 million, representing the 1% provider rate increase in fiscal 2026.**

DLS conducts annual forecasts to assess the adequacy of funding included in each of the provider reimbursement programs. The forecasts include utilization and enrollment data and projections along with known provider rate increases. Further discussion of the enrollment forecast for the Medicaid eligible population is included in the analysis for M00Q01 – MDH – MCPA. DLS receives detailed utilization and cost data from MDH to inform the forecast for the Behavioral Health Medicaid program. The exactness and accuracy of projections for the Community Services programs are limited due to insufficient available data around the utilization of specific services. Language in the fiscal 2024 and 2025 Budget Bills (Chapter 101 of 2023 and Chapter 716 of 2024) restricted funding pending submission of three reports with detailed budget data on program spending in the Community Services programs to improve understanding of the utilization of non-Medicaid services in PBHS. To date, BHA has submitted one of the three reports required by the 2024 *Joint Chairman's Report* (JCR), but the report did not provide information separated by program. **DLS recommends adopting committee narrative requesting this information annually to improve the accuracy of regular forecasting activities.**

Exhibit 8 compares the DLS projection and the amount budgeted in each year for the non-Medicaid services including the 1% provider rate increase. These projections are outlined in the following.

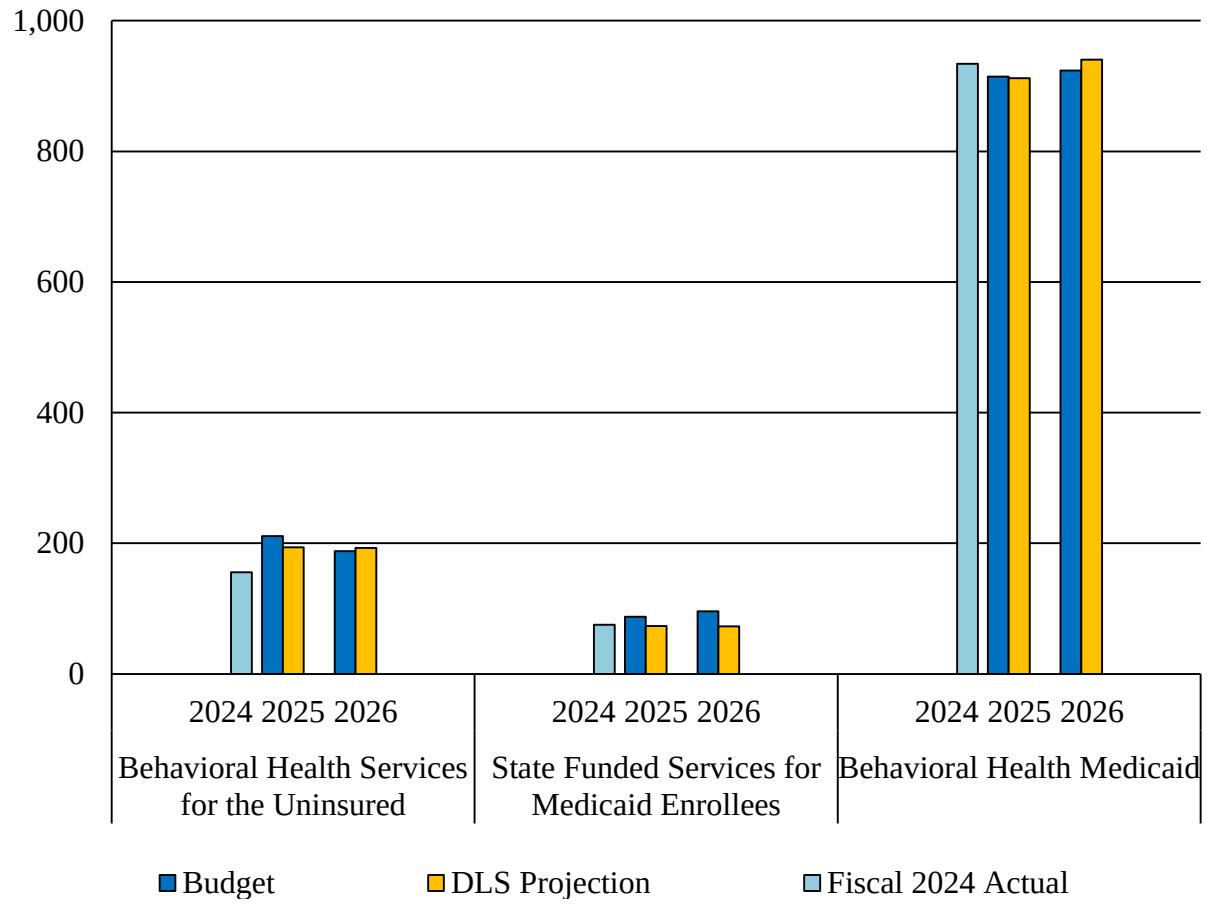
- For the Community Services program (M00L01.02), DLS projects a surplus of $3.8 million in the fiscal 2025 working appropriation, after accounting for a net negative deficiency of $4.4 million in general funds in fiscal 2025. DLS forecasts a shortfall of $5.1 million for provider reimbursements under this program in fiscal 2026, after accounting for a general fund reduction contingent on the BRFA.

- For Community Services for Medicaid State Fund Recipients (M00L01.03), DLS estimates that the fiscal 2025 working appropriation allocates $11.7 million more than is necessary to cover fiscal 2025 costs, including a fiscal 2025 deficiency of $2.4 million provided for in the fiscal 2026 allowance. In addition, DLS forecasts a surplus of $23.2 million in the fiscal 2026 allowance. The DLS forecast reflects the expectation of declining Medicaid enrollment and utilization.

- Under Medicaid Behavioral Health Provider Reimbursements (M00Q01.10), DLS anticipates a general fund surplus of $2.5 million in fiscal 2025 and a general fund shortfall of $16.4 million in fiscal 2026.

DLS projects a combined surplus across the three programs of $18 million in fiscal 2025 and $2 million in fiscal 2026. DLS recommends reducing the fiscal 2025 general fund appropriation in M00L01.03 by $9 million and leaving the remaining $9 million (which represents about 1% of program spending) as hedge against higher than expected costs over the second half of the fiscal year. No reduction is proposed for fiscal 2026.

Exhibit 8
Behavioral Health Provider Reimbursements General Fund Budget Compared to Forecast
Fiscal 2024-2026
($ in Millions)



DLS: Department of Legislative Services

Source: Maryland Department of Health; Department of Legislative Services

DLS also conducts a carryover analysis to determine the adequacy of funding included in the current fiscal year budget for prior service year behavioral health Medicaid services. For fiscal 2024 costs paid in fiscal 2025, MDH estimated a carryover total of $109.0 million in general funds, and the fiscal 2026 budget plan assumes a reversion of $3.9 million in general funds originally accrued for these purposes. DLS estimates accrued fiscal 2024 expenditures to be paid in fiscal 2025 will exceed the anticipated carryover by approximately $9.8 million, and therefore, the planned general fund reversion may not materialize due to lack of adequate funding.

Preventing Medicaid Fraud, Waste, and Abuse

BHA instituted a pause on new provider enrollments for certain services due to fraudulent claims submitted in those services. The enrollment pause temporarily prevents new providers from enrolling in the following provider types:

- psychiatric rehabilitation programs;
- psychiatric rehabilitation programs (Health Home);
- level 2.5 partial hospital programs; and
- level 2.1 intensive outpatient treatment programs.

In January 2025, BHA indicated that it was extending the pause through June 30, 2025, to have additional time to complete several activities to prevent fraud, waste, and abuse, including:

- completing revision of relevant Code of Maryland Regulations;
- working with the Office of the Inspector General of Health and Carelon to identify and investigate providers suspected of committing fraud, waste, and abuse;
- conducting trainings for LBHAs on compliance monitoring; and
- providing technical assistance and partnering with LBHA for site visits.

MDH should discuss the impact to date of the pause on the number of fraudulent claims submitted.

Personnel Data

	FY 24 Actual	FY 25 Working	FY 26 Allowance	FY 25-26 Change
Regular Positions	165.30	218.80	223.80	5.00
Contractual FTEs	66.63	27.74	30.44	2.70
Total Personnel	**258.77**	**246.54**	**254.24**	**7.70**

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	18.11	8.09%
Positions and Percentage Vacant as of 12/31/24	41.30	18.88%
Vacancies Above Turnover	23.19	

- The fiscal 2026 allowance includes 5.0 additional positions in BHA from transfers from the Office of Population Health Improvement (OPHI) for HIV prevention services and from PHPA for harm reduction services. Within BHA, 10.0 positions transferred from the Resident Grievance Program in the Deputy Secretary of Behavioral Health to the BHA Chief Medical Officer.

- As of December 31, 2024, BHA had 41.3 vacancies and a vacancy rate of 18.9%. BHA is reorganizing some of its staffing structure to reflect program direction informed by the behavioral health continuum of care and indicates that it is prioritizing filling vacancies to align with the new structure. Of these vacancies, 12.3 have been vacant for more than one year: 4 will be transferred to other areas of MDH in fiscal 2025; 3 have been posted; 3 are undergoing approvals to be posted; 2 are being reclassed; and 0.3 full-time equivalents from 2019 were realigned to BHA in fiscal 2023.

Issues

1. BHA Investments and Priorities to Address the Mental Health Crisis

According to the U.S. Centers for Disease Control and Prevention (CDC), in calendar 2023, one in five American adults experienced anxiety or depression, and two out of five high school students reported struggling with depression. In calendar 2021, CDC recorded 5.8 million emergency department visits in which behavioral health crises were the primary diagnosis, and between calendar 2018 and 2021, more than 1 million emergency department visits annually were by children and adolescents with a mental health disorder diagnosis.

BHA is required by statute to submit an annual report of the most recently available fiscal year of data on behavioral health services for children and young adults (ages 18 to 25). This information draws from BHA's report submitted December 2023 and analyzing fiscal 2022 data. As of this writing, BHA has not submitted the report with fiscal 2023 data. **BHA should discuss the reasons for the delayed reports and when it will submit the 2024 annual report with fiscal 2023 data.**

According to the fiscal 2022 report, between fiscal 2018 and 2022, overall behavioral health expenditures increased by a factor more than four times the amount by which overall service utilization increased; per person expenditures increased by a factor twice that of the rate of increase of per person service utilization. MDH attributes this growth to several factors, including a total provider rate increase of 15% over this period, and greater utilization of intensive, higher-cost services. Some key findings from the report related to fiscal 2022 service costs and utilization include:

- BHA spent $585.6 million on PBHS services for 115,465 children and youth adults. The average per person cost was $5,069. Among the highest-cost population, children ages 13 to 17, the average per person cost was $5,790 in fiscal 2022.

- The average length of stay in inpatient hospital settings increased from an average of 8 days in fiscal 2019 to 10 days in fiscal 2022.

- Approximately 64% (73,867) of children and young adult service recipients used one or more PBHS service via telehealth.

- Inpatient psychiatric treatment services accounted for nearly 20% of all expenditures ($115.7 million), and psychiatric rehabilitation program services accounted for about 18% of all services ($94.1).

- Of the total service recipients, 9.5% had one or more psychiatric emergency room visits.

BHA indicates that as the need for high intensity services among both youth and adults has increased, staffing shortages and limited bed capacity pose additional challenges to addressing the State's mental health needs. Over the last two years, the State has studied the PBHS through multiple commissions and councils, including the Commission on Behavioral Health Treatment and Access, the Commission on Public Health, and the Maryland Overdose Response Advisory Council. In fiscal 2024, BHA released its "white space" analysis to identify gaps in service provision and target resources most effectively.

Behavioral Health Investments

The behavioral health continuum of care is a framework by which BHA assesses its existing programs and services relative to where Marylanders need and receive services and prioritizes ongoing and future investments in the State's behavioral health infrastructure. From least intensive to most intensive, the continuum includes four care types: (1) prevention and promotion; (2) primary behavioral health and early intervention; (3) urgent and acute care; and (4) treatment and recovery. The framework also includes data as a foundational part of the infrastructure. The fiscal 2025 legislative appropriation included $89.2 million for discretionary investments in the behavioral health care system. BHA has indicated that it aims to prioritize prevention activities to support people earlier in their care journey and reduce the demand for crisis or inpatient services. Despite this intended focus, BHA dedicated more than half of the fiscal 2025 appropriation to crisis response. The fiscal 2026 budget includes a proposed deficiency appropriation that reduces $30.0 million of the planned investment funding due to the delayed implementation of the following efforts:

- capital improvements and staffing at MedStar and Adventist hospitals to support additional tertiary beds for individuals in need of psychiatric inpatient services: $10.0 million;

- grants to providers for mobile crisis response and stabilization services now billable to Medicaid: $7.4 million;

- AOT program is funded in a different part of the BHA budget. The program is discussed in Issue 3 of this analysis: $3.0 million;

- initiatives to identify alternatives to incarceration for individuals with behavioral health challenges: $2.5 million;

- new segue and residential crisis beds to support individuals' transition from State inpatient facilities into the community: $2.0 million;

- individualized high fidelity wrap-around services for youth: $2.0 million;

- staff and training to build behavioral health capacity at historically black colleges and universities: $1.1 million; and

- procurement of a vendor to provide telehealth services through behavioral health crisis stabilization centers. MDH indicates that elimination of funding will not impact the crisis stabilization centers' ability to provide telehealth services: $1 million

Of these initiatives, some were not implemented because the activities are currently or could be supported through other funding sources: mobile response and stabilization services which are now billable to Medicaid; the AOT program; new segue and residential crisis beds; and high-fidelity wrap-around services. MDH indicated it anticipates a reduction in the wrap-around services because it anticipates the amended 1915(i) waiver will result in increased enrollment for youth peer and other services. The fiscal 2026 allowance includes $83.2 million ($78.8 million in general funds) for programs and services, including multiple hospital discharge initiatives, support for crisis stabilization centers, and adolescent inpatient SUD treatment. This total includes $4.4 million in special funds available from the ORF to support the re-entry waiver, which provides care coordination for incarcerated individuals 90 days prior to their release. **Exhibit 9** shows the intended uses of fiscal 2026 dollars. Of these investments, $9.9 million are allocated for crisis services billable to Medicaid, which should therefore be charged to expenses within the Medicaid provider reimbursements. **Therefore, DLS recommends reducing the general fund appropriation by $9.9 million. BHA should also clarify why staffing expenditures are included in this budget rather than in the BHA budget for personnel.**

Exhibit 9
Behavioral Health Investments Spending Plan
Fiscal 2026

Initiative	2026 Allowance	Description
Care Traffic Control Platform	$2,235,000	Statewide expansion of referral hub to connect individuals to crisis teams; program is currently federally funded to support 13 jurisdictions.
BHA Crisis and Response Team Expansion	16,564,275	Non-Medicaid FFS billing for 18 24-hour licensed mobile crisis teams across 21 jurisdictions.
Medicaid Crisis and Response Team Expansion	8,222,778	Medicaid FFS billing for 18 24-hour licensed mobile crisis teams across 21 jurisdictions.
BHA Crisis Stabilization Center	3,172,341	Non-Medicaid billing for three behavioral health crisis stabilization centers to screen, assess, stabilize, treat, and refer to community treatment.

Initiative	2026 Allowance	Description
Medicaid Crisis Stabilization Center	1,708,184	Medicaid billing for three behavioral health crisis stabilization centers to screen, assess, stabilize, treat, and refer to community treatment.
BHA Expansion Staff	1,064,304	Staffing support to administer these initiatives (23 projected roles).
Forensic Evaluators	375,000	Three contractual Forensic Evaluators in the MDH Office of Court-Ordered Evaluations and Placements to determine individuals' competency to stand trial.
Hospital Discharge: RRP Deployed Staff	310,047	Deployment of existing RRP staff to facilitate hospital discharge to RRP placement.
Hospital Discharge: Assisted Living Units	2,643,221	35 newly supported Assisted Living Unit beds for individuals discharged from a State inpatient facility.
Hospital Discharge: RRP Community Expansion	2,000,000	Infrastructure and services for 35 new RRP beds.
Hospital Discharge: Permanent Supportive Housing	1,055,920	Supportive services such as housing coordination, rental assistance, and behavioral health services for individuals discharged from an RRP.
Adolescent Inpatient Substance Use Disorder Treatment – Grant	1,060,000	Contract with Maryland Treatment Centers and Montgomery County to provide 15 beds for adolescent inpatient SUD.
General Funds Match for School Health	12,100,000	Match required for reimbursement for the delivery of mental health services in school-based settings.
1915(i) Enhancements	10,300,000	Expansion of home- and community-based services for youth through the 1915(i) waiver amendment, from 200 to 1,800 slots, effective April 1, 2025.
BHASO MITDP Backfill	11,813,436	Ongoing maintenance and operations of the BHASO due to reductions in the Department of Information Technology MITDP budget.

Initiative	2026 Allowance	Description
Re-Entry Waiver	4,442,432	Care coordination for individuals in carceral settings for up to 90 days prior to release; this initiative will be supported with Opioid Restitution Fund dollars.
EPSDT BHA Screening Rates Increase	1,800,000	10% provider rate increases for Early and Periodic Screening, Diagnosis and Treatment, effective January 1, 2025.
Mental Health Peers in FQHCs	2,333,062	Expansion of Peer Supports for those with a mental health diagnosis receiving care at FQHCs, effective January 1, 2025.
Total	**$83,200,000**	

BHA: Behavioral Health Administration
BHASO: Behavioral Health Administrative Services Organization
EPSDT: Early and Periodic Screening, Diagnosis, and Treatment
FFS: fee-for-service
FQHC: federally qualified health center
MDH: Maryland Department of Health
MITDP: Major Information Technology Development Project
RRP: Residential Rehabilitation Program
SUD: substance abuse disorder

Source: Maryland Department of Health; Department of Legislative Services

Interagency Hospital Overstay Initiative

As noted previously, impacted bed capacity at State hospital centers and other inpatient settings is a major challenge for treating people with serious behavioral health conditions. BHA is investing in various hospital discharge programs in an effort to expand appropriate bed space for people ready to leave a State hospital. The interagency hospital overstay initiative is a multiagency strategy to identify youth placement needs, create resources to address those needs such as residential treatment centers and mobile response teams, and track data related to these youth to ensure that their needs are met. MDH's role in the partnership centers primarily around identifying appropriate programs and making recommendations to families, local care teams, the Department of Human Services, or other entities placing children in care. The fiscal 2025 legislative appropriation includes $5.0 million. However, the fiscal 2026 Budget Bill includes a withdrawal of $1.9 million in fiscal 2025 through a proposed deficiency appropriation. In fiscal 2026, $2.5 million is budgeted for this purpose. BHA provided the following reasons for the underspending in fiscal 2025:

- the Brook Lane residential crisis beds project leveraged federal funding, resulting in some savings;

- an anticipated decrease in spending due to additional community resources coming online; and

- termination of a contract between the BHA Division of Early Intervention and Primary Behavioral Health and the Board of Child Care to create four residential treatment center beds.

MDH should clarify which community resources it anticipates coming online to replace spending in this program and explain why the contract for the four new residential treatment center beds was terminated.

Intensive Home and Community-based Services State Plan Amendment

Another mechanism BHA is utilizing is expanding uses of the federal 1915(i) waiver. The waiver expands the suite of Medicaid eligible home- and community-based services available to State residents based on need. In Maryland, the 1915(i) waiver allows providers to offer home and community-based services for youth and families, including:

- intensive in-home service;

- respite services;

- family peer support; and

- experiential and expressive therapies.

BHA created the 1915(i) State Plan Amendment (SPA) to further expand the benefit to provide services to more youth. MDH indicated that it plans to submit the SPA for approval to CMS in March 2025. The SPA would:

- add youth peer support as a new service;

- extend the plan of care timeline from 45 days to 60 days to provide youth and family more time to work on care goals;

- change management of eligibility confirmation from LBHAs to ASO to speed up the process;

- change the comprehensive psychosocial assessment completion timeline from 30 days to 60 days and reduce potential harm criteria to serve more youth;

- remove differential rate for telehealth support to include equal reimbursement for meetings held via audio-visual and audio-telehealth; and

- increase the number of youth and families participating in 1915(i) services from 200 to up to 1,800 youth served over a five-year timeframe.

2. 9-8-8 Crisis Line

Federal legislation in calendar 2020 designated 9-8-8 as a national helpline number for behavioral health emergencies and required states to stand up call centers to support state residents experiencing behavioral health crises. Maryland's 9-8-8 line operates 24/7 and is supported by six call centers across the State, many of which offer text and chat services in addition to call capabilities. The call centers receive State funding to launch, operate, and increase public awareness about the crisis line. Maryland has also received federal funding from fiscal 2024 through 2026 for market research, marketing, and a security audit. The fiscal 2026 allowance includes $2.6 million in federal funds for market research, $599,107 in federal funds for security audit expenditures, and $3.0 million in special funds for call center operations.

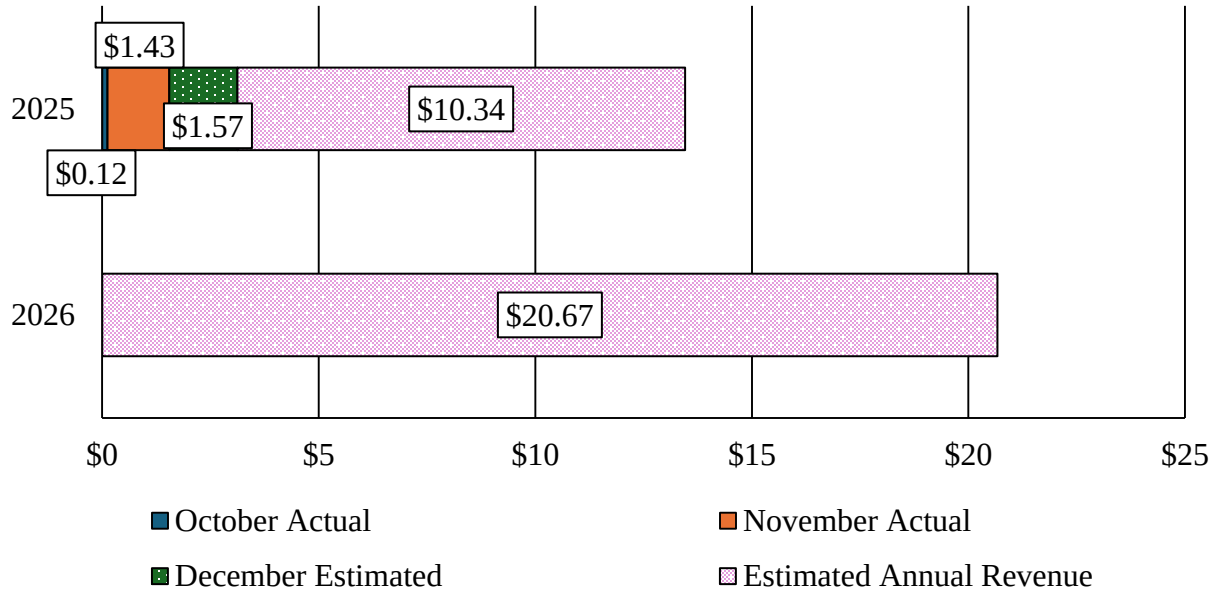
Operational costs for call centers are supported by State funds from the 9-8-8 Trust Fund, established by Chapters 145 and 146 of 2022 to support 9-8-8 crisis line services and publicity of the crisis line. The chapters also required the Governor to appropriate $5.5 million for the fund in fiscal 2024. Chapters 260 and 261 of 2023 required the Governor to include $12.0 million in the budget for the fund in fiscal 2025 only. The fiscal 2024 legislative appropriation included $5.5 million in general funds, and the fiscal 2025 legislative appropriation included $12.0 million in general funds for 9-8-8 services and public awareness activities.

Cost containment actions approved by BPW in July 2024 reduced the fiscal 2025 appropriation by $9.0 million, leaving $3.0 million for the fund, due to the expected availability of revenues from the $0.25 fee for specific 9-8-8-accessible services established by Chapters 780 and 781 of 2024 beginning October 1, 2024. The fiscal 2026 Budget Bill includes language on a fiscal 2025 deficiency appropriation to reduce the remaining general fund appropriation ($3.0 million) contingent on the BRFA provision eliminating the mandate. DLS notes that this appropriation was a deposit into the fund rather than specifically the anticipated expenditures for the services in fiscal 2025.

Although there is not funding in the fiscal 2025 budget from the new fee, the Department of Budget and Management (DBM) indicates funds may be added either by supplemental budget or a budget amendment. Between October and November 2024, the fee generated $1.5 million in revenue. The Comptroller of Maryland estimates that the fee will generate $1.6 million in December and approximately $1.7 million in monthly revenue for the remaining months of fiscal 2025. In total, the Comptroller estimates the fee will generate $13.5 million in revenue for fiscal 2025 (due to the fee being in place only three-quarters of the year) and $20.7 million in fiscal

2026. **Exhibit 10** shows actual revenue for October and November 2024 and revenue projections for the remainder of fiscal 2025 and for fiscal 2026.

Exhibit 10
Projected Revenue from the 9-8-8 Trust Fund Fee
Fiscal 2025-2026



Source: Maryland Department of Health; Comptroller of Maryland

Eight LBHAs operate the State's six call centers and submit requests for funding from the State each fiscal year. BHA first distributed funding from the 9-8-8 Trust Fund in fiscal 2024 to LBHAs to support staff recruitment and training and infrastructure costs to operate the call line. BHA awarded additional funding to an external contractor for data collection, analysis and reporting, and supported internal administrative activities. **Exhibit 11** shows fiscal 2024 spending from the 9-8-8 Trust Fund. BHA indicates that for fiscal 2026, call center funding requests total $23.4 million. BHA also noted that some call centers receive funding through local and private sources, so the 9-8-8 Trust Fund does not need to support the full cost of the call centers. Greater Baltimore Call Center supports 9-8-8 communications for Baltimore City and Baltimore, Carroll, and Howard counties and received $4.0 million in additional funding from the Maryland HSCRC for calendar 2024 and 2025, with no plans of renewal.

Exhibit 11
9-8-8 Trust Fund Expenditures
Fiscal 2024

Funding Recipient	Jurisdictions Served	Award
DMI, Inc.	Statewide (Data Analytics)	$1,200,000
Montgomery County LBHA	Montgomery (Calls); Statewide (Text and Chat)	960,000
Prince George's County LBHA	Calvert, Charles, Prince George's; St. Mary's (Calls)	960,000
Howard County LBHA	Greater Baltimore Call Center; Statewide (Text and Chat); Anne Arundel and Harford (Calls)	886,000
Frederick County LBHA	Allegheny, Frederick, Garrett, Washington	388,000
Wicomico County LBHA	Caroline, Cecil, Dorchester, Kent, Queen Anne's, Somerset, Talbot, Wicomico, Worcester	343,600
Mid-Shore Behavioral Health, Inc.	Multiple Jurisdictions (Call Backup)	343,600
Baltimore County LBHA	Greater Baltimore Call Center	164,400
Behavioral Health Systems Baltimore, Inc.	Greater Baltimore Call Center	164,400
Behavioral Health Administration	Statewide (Administrative Support)	90,000
Total		**$5,500,000**

LBHA: local behavioral health authority

Note: The Howard County and Baltimore Couty LBHAs and Behavioral Health Systems Baltimore, Inc. operate the Greater Baltimore Call Center, which supports Baltimore, Carroll, and Howard Counties and Baltimore City. Unless otherwise noted, call center service includes call, text, and chat support.

Source: Maryland Department of Health

3. AOT Implementation, Feasibility

Chapters 703 and 704 require the establishment of AOT programs in each local jurisdiction by July 1, 2026 (fiscal 2027). Specifically, the chapters require local jurisdictions to convene a care coordination team to develop treatment plans for individuals court-ordered to adhere to mental health treatment and who have not adhered to mental health treatment in the past and are determined unlikely to voluntarily adhere to treatment plans in the future. The care coordination team must include a psychiatrist, case manager, certified peer recovery specialist, and other providers as clinically appropriate such as an assertive community treatment (ACT) team. The treatment plans may consist of several types of services, dependent on the individuals' needs, and the service recipient must have an opportunity to participate in the creation of their treatment plan. The legislation also requires that local jurisdictions notify MDH if they intend to oversee the program independently or in partnership with other counties or opt for MDH to oversee the program in their jurisdiction by January 1, 2025. MDH extended the deadline to January 31, 2025, and no jurisdictions opted to oversee the program independently.

At a Joint Meeting of the Commission on Behavioral Health Treatment and Access and the Behavioral Health Advisory Council on January 27, 2025, MDH shared its progress in establishing the program, including creating a workplan and defining activities to support each step of the workplan. **Exhibit 12** shows the workplan and progress made toward each component.

Exhibit 12
Assisted Outpatient Treatment Workplan and Milestones
As of January 27, 2025

Workplan	Completed Activities	Activities in Progress
Regulations		Drafting regulations.
Stakeholder Engagement	Reviewed recommended strategies. Created recommendations for local jurisdictions.	Engaging with LBHAs and LHDs.
Judiciary Engagement	n/a	Will begin engagement with the Judiciary in spring 2025.
Staffing	Hired an AOT director.	Drafting one-year staffing model.
Program Operations	n/a	Operational guidance, in partnership with LBHAs.
Program Materials	n/a	n/a
Compliance/Licensing	n/a	n/a
Implementation	n/a	n/a
Financing/Funding/ASO	n/a	n/a

Workplan	Completed Activities	Activities in Progress
Data/Reporting/Evaluation	Projected AOT capacity analysis.	Identifying data sources and elements for legislatively mandated reporting.
Training and Technical Assistance	Reviewed other states' approaches and resources.	Determining recommended evidence-based and recovery-oriented training elements.
Communications and Marketing	Launched AOT website with monthly FAQs. Created email inbox	

AOT: assisted outpatient treatment
ASO: Administrative Services Organization
FAQ: frequently asked questions
LBHA: local behavioral health authority
LHD: local health department

Source: Maryland Department of Health

To date, the AOT team at BHA has:

- hired an AOT director;
- projected AOT capacity analysis;
- reviewed other states' approaches and resources;
- created recommended AOT implementation strategies for jurisdictions;
- reviewed recommended strategies for stakeholder engagement; and
- launched AOT website with program information and frequently asked questions and dedicated an inbox to receive questions and input.

AOT Funding

The Maryland Association of County Health Officers (MACHO) estimates that an LBHA in a medium-sized county requiring up to 2.0 full-time staff would need at least $250,000 annually to operate an AOT program; MACHO estimates that larger counties would require $3.0 million to $5.0 million annually. MDH has indicated that the majority of services provided under an AOT program are billable to Medicaid, and MDH encourages LBHAs to seek additional funding sources

for ongoing operational expenditures. In fiscal 2025, MDH applied for an AOT grant from SAMHSA to establish pilot programs in multiple Maryland jurisdictions but did not receive funding for the award. **MDH should provide an approximate percentage of services included in an AOT program that are billable to Medicaid.**

The fiscal 2025 and 2026 budgets for BHA include $3.0 million in general funds in each year to support the startup costs of the AOT program. In fiscal 2025, AOT program dollars support the personnel expenses of an AOT director, who was hired in fiscal 2025, and 1 to 2 additional staff who have not yet been hired. MDH indicated that remaining funding will be used to build the data infrastructure necessary to capture and manage AOT referrals. On November 26, 2024, MDH released a request for proposals (RFP) for fiscal 2025 funding to support AOT implementation costs in local jurisdictions. Allowable costs for grant dollars include hiring necessary staff such as an AOT director, a billing specialist, care coordination team members, and potentially ACT team members. The submission deadline was January 31, 2025, and MDH said that no jurisdictions submitted spending plans by this deadline.

MDH should explain its plan to implement the AOT program in each jurisdiction, given no jurisdictions have submitted proposals or spending plans nor indicated their intention to administer the program locally, including the specific steps it will need to take to operate the program in each jurisdiction and the expected cost.

4. Behavioral Health Workforce

In December 2023, the federal Health Resources and Services Administration reported that more than half of the U.S. population lived in areas that it designated as Mental Health Professional Shortage Areas. As discussed previously, behavioral health needs in Maryland and nationwide have increased significantly over the last few years. Chapters 286 and 287 of 2023 established the Behavioral Health Workforce Investment Fund to support the education, training, recruiting, and retaining of behavioral professionals and paraprofessionals in Maryland. The legislation requires MDH to administer the fund and requires the Maryland Health Care Commission (MHCC) to conduct a comprehensive behavioral health workforce needs assessment to:

- determine the unmet need and capacity of the behavioral health workforce in the State;
- calculate the total number of additional behavioral health professionals and paraprofessionals needed over specified timeframes;
- make findings and recommendations regarding the types of training, education, and tuition assistance programs necessary to certify, recruit, place, supervise, and retain the necessary additional behavioral health professionals and paraprofessionals; and
- recommend an initial allocation to the fund.

The needs assessment was completed in October 2024. MDH moved management of the fund from BHA to OPHI in Public Health Services during fiscal 2025. No funding has been allocated to the fund to date.

Behavioral Health Workforce Assessment Findings

MHCC, in coordination with MDH, the Maryland Department of Labor, and the Maryland Higher Education Commission, completed the assessment in October 2024. MHCC contracted Trailhead Strategies to conduct interviews and surveys of 150 behavioral health providers, employers, educators, and government leaders. The assessment's findings include a landscape analysis of the current behavioral health workforce; an examination of the extent of the workforce shortage and the pipeline of behavioral health professionals supplied by Maryland higher education institutions; recommended strategies to address the workforce shortage; and recommendations for the size, funding structure, administration considerations, and initial programs of the fund.

The assessment studied various aspects of the behavioral health workforce in calendar 2023 across many behavioral health occupation types and across the State. MHCC used the National Survey on Drug Use and Health to estimate need for services. The report found that the behavioral health workforce is insufficient to meet the State's demand for behavioral health services and that there is both high job turnover and low job satisfaction among many occupations, and the university pipeline, which would supply more behavioral health candidates in Maryland, has been increasingly less productive. Specifically:

- an estimated 1.4 million (22% of the population) in Maryland needed behavioral health services in calendar 2024 and of those, 63% received care;

- in calendar 2023, there were 34,613 behavioral health professionals in Maryland, but MHCC estimates that 18,200 more workers are needed to meet today's behavioral health care demand, and 14,600 more are required to replace the professionals leaving the field by calendar 2028;

- the need is concentrated mainly in six behavioral health occupation categories: social and human services assistants (includes peer recovery specialists, outreach workers, and unlicensed case managers); counselors/therapists; psychiatric aides (help patients with daily tasks); social workers; psychologists; and psychiatrists;

- behavioral health professionals are not equitably distributed across geography, by race and ethnicity or gender; and

- the number of people graduating with degrees in behavioral-health-related fields has declined compared to 2019 levels. Between 2014 and 2022, 70% of graduates of social work, clinical, and counseling psychology programs in Maryland work in other industries

in Maryland, are employed out of state, or were not working one year after degree completion.

Behavioral Health Workforce Assessment Recommendations

Based on the results of the needs assessment and discussions with key stakeholders, the report recommended the following six strategies to strengthen the behavioral health workforce in Maryland:

1. ***Provide Competitive Compensation:*** The report identified low pay as the most important barrier to increasing the behavioral health workforce and retaining behavioral health staff. After adjusting for cost of living, behavioral health roles in Maryland tended to pay below comparable roles in Pennsylvania; West Viriginia; Virginia; and Washington, DC.

2. ***Increase Awareness of Behavioral Health Careers:*** The report cited lack of visibility in K-12 educational settings and persistent stigma related to mental health conditions and SUDs as two barriers keeping people from seeking behavioral health careers.

3. ***Support Paid Education and Training:*** The report noted the significant resources required to become trained and educated as a behavioral health professional, in addition to the time spent completing unpaid work before being qualified for paid employment.

4. ***Promote Timely and Effective Licensing:*** Respondents reported the licensing process for multiple positions as cumbersome and that lack of a robust data system results in limited information on helpful information about licenses. MDH is investing in upgrades to its licensing and regulatory management system to improve customer experience with licensing and improve data the State can access on licensed health care professionals.

5. ***Invest in Job Quality:*** The report recommended increasing advancement opportunities and adjusting workplace culture to improve transparency and feedback loops for employees.

6. ***Expand Impact of Current Workforce:*** One example in the report was to adopt the Collaborative Care Model by integrating psychiatric support and case managers into primary care delivery to address behavioral health conditions.

MHCC recommended an initial investment of $148.5 million over five years, including $13.5 million to administer the fund. Of this total investment, the report recommended that $59.5 million come from the fund, with the remaining comprised of State and non-State resources. The recommendation noted that the initial investment could support strategies (3) to support paid education and training programs, and (5) to invest in job quality; once more financially established, the fund could support a comprehensive approach that helps implement the other recommended strategies.

MDH indicates that it has been developing a workplan to implement some of the strategies recommended by the assessment. **MDH should share a timeline for completing this workplan and plans to share the workplan publicly.**

5. Provider Payment Recoupment and Transition to New Behavioral Health ASO

Recoupment of Provider Payments

Between January 1, 2020, and August 3, 2020, due to system issues, the behavioral health ASO, Optum, was unable to accurately reimburse providers for services rendered to eligible patients. To ensure providers received payment during this period, MDH estimated payments for providers based on calendar 2019 claims, issued $1.06 billion in payments, and informed providers that the payments would eventually be reconciled with actual claim expenditures. Disruptions caused by the COVID-19 pandemic led to lower than typical service utilization and, as a result, providers received an estimated total of $359.6 million in overpayments. MDH has since managed the process of recouping overpayments and forgiving payments for eligible providers with balances of $25,000 or less.

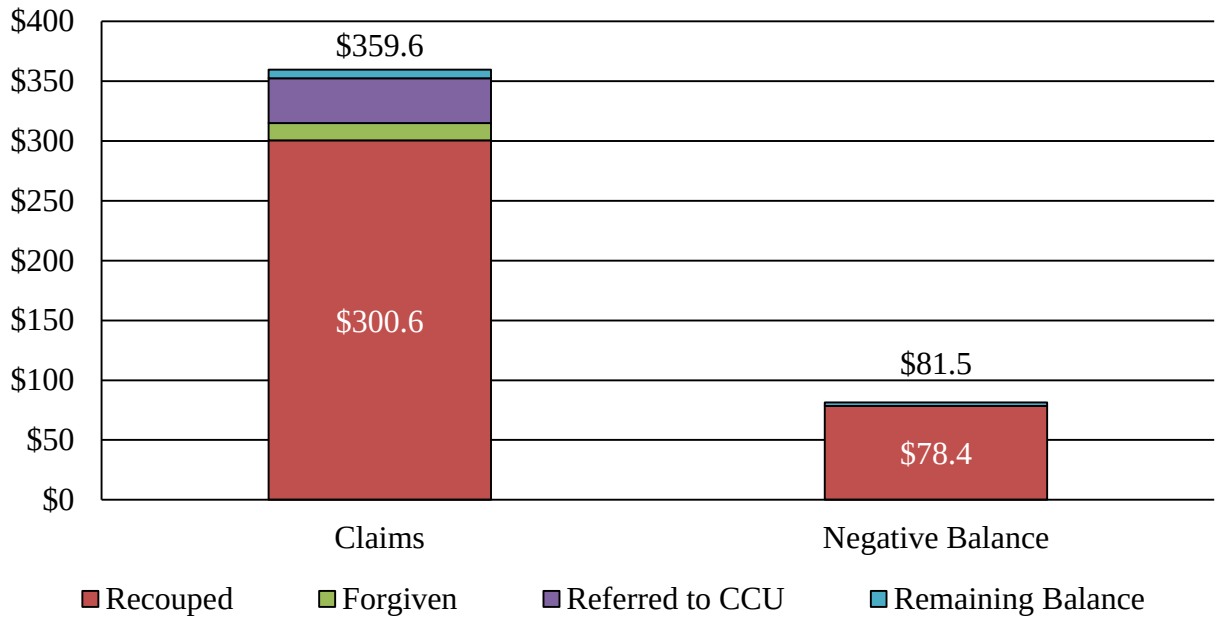
Language in the fiscal 2025 Budget Bill (Chapter 716 of 2024) restricted $250,000 in general funds pending two reports on the department's progress toward recoupment and forgiveness of overpayments to providers and an update on the transition to the new behavioral health ASO. BHA submitted the first report on August 23, 2024, and the second report on January 13, 2025.

Although the department had planned to complete the recoupment process by December 2023, MDH provided a six-month payment extension to 226 providers at risk of incurring large final payments at the end of the year, delaying the anticipated completion date to June 30, 2024. MDH notified the remaining 338 providers who were not offered the extension that they would need to pay the remainder of their balances by December 31, 2023, or be referred to DBM's Central Collections Unit (CCU), which may apply interest to the balance owed. MDH has continued to reconcile providers' balances and refer them to CCU as appropriate. The behavioral health ASO is also establishing processes to record payments sent for collection and manage the database of providers whose payments are withheld for nonpayment.

MDH has also been collecting on negative balances originating from accidental duplication of payments to providers. Negative balances commonly arise from patients initially being billed as uninsured and then found to be eligible for Medicaid, and therefore it is normal to have some amount of negative balance. However, the ASO processing error resulted in $81.5 million in overpayments related to negative balances by the end of calendar 2021. As of December 2024, the remaining amount due equaled $3.1 million. MDH reports that remaining negative balances were transferred to the new ASO, Carelon, on January 1, 2025.

In July 2022, MDH implemented a process to forgive certain providers that owed lower balances. As of July 15, 2024, MDH had forgiven $14.4 million from 1,266 providers and has not provided any additional opportunities for balance forgiveness. As of January 23, 2025, the balance left to be recouped totaled $7.1 million. MDH referred a total of 425 providers with $37.5 million in outstanding balances to the CCU. **Exhibit 13** shows the amount recouped, forgiven, referred to collections, and remaining for both overpayments for estimated claims and for negative balances.

Exhibit 13
Provider Overpayments to be Recouped
As of December 2024
$ in Millions



CCU: Central Collections Unit

Source: Maryland Department of Health

Transition to New ASO

On February 14, 2024, BPW approved MDH's award of a new ASO contract with Carelon. Carelon previously served as the behavioral health ASO for Maryland from calendar 2009 to 2019 (operating under the name Beacon Health Options, Inc. and Value Options). The current contract began March 1, 2024, and ends December 31, 2029, with one two-year renewal option. Following a 10-month period for design, development, and implementation, the ASO systems went live on January 1, 2025.

As part of the August and January report submissions, MDH provided information on activities that occurred during the first three of four transition phases: (1) initiation and planning; (2) execution; and (3) readiness and testing. As the system went live on January 1, 2025, MDH did not provide any updates on the final phase (go live and monitoring) in its report. During the first two phases, MDH defined project governance, hired key personnel, configured system processes and workflows, and began provider engagement. Activities related to the first two phases of the transition include the following.

- Project governance includes MDH and Carelon leadership as chairs to a Joint Steering Committee comprised of MDH and Carelon employees. The committee discussed more than 35 workstreams with more than 120 subject matter experts at MDH, BHA, and Carelon. Workstreams include Medicaid eligibility, clinical workflows, reporting and analysis, information technology and cybersecurity, and provider relations.

- MDH has been hiring to fill 15 positions as required by the contract to oversee ASO operations. As of January 2025, 14 of the 15 positions have been filled, with the final position under recruitment to begin work in the beginning of fiscal 2026. Carelon identified areas in need of additional support and has increased its dedicated staff to support the transition. Additional staff members include additional customer service representatives, 9 managed care organization liaisons, and an additional claims manager.

- Carelon and MDH have analyzed the infrastructure used when it previously served as the ASO to determine which elements can be reused, rebuilt, or replaced.

- MDH and Carelon facilitated three virtual town halls to introduce Carelon and the new ASO system to behavioral health providers, and MDH reported that more than 1,200 providers participated. MDH and Carelon also conducted targeted outreach for providers across the State. During fall 2024, MDH held 16 provider forums in each of the State's four regions (Northern/Western, Central, Southern, and Eastern Shore) with transition updates, testing and training, provider portal demos, and opportunities to meet the Carelon leadership team and staff. More than 2,100 providers across the State attended the sessions.

The third phase began in October 2024 and included Optum decommissioning, system configuration, data analytics, end-to-end testing, training, and risk assessment and mitigation. Activities related to phase three include the following.

- Carelon is developing reports to address MDH's reporting needs, some of which are already complete, and others will be released as needed later in the year. MDH is reviewing reports in development that will support monitoring and managing the claims. Reports needed by January 1, 2025, were developed on schedule and are operational.

- System testing started on October 21, 2024, with 173 providers representing an array of provider types and specialties, and nearly 300 transaction scenarios were tested.

- Provider training took place in November and December 2024. Carelon hosted daily office hours during the first two weeks and the final week of January 2025. As of the first week of January 2025, Carelon hosts weekly webinars to continue through at least April 2025 to address questions and issues providers experience.

Phase four, go live and monitoring, began January 1, 2025, with the launch of Carelon's system. As of January 2025, more than 1 million claims were processed by Carelon, and 9,500 providers were registered. In addition, Carelon has launched websites for the public, consumers, and providers. Carelon noted the following challenges and solutions in its first month of operations:

- setting up additional call center resources and alternative support routes (*e.g.*, chat feature) to address long customer service hold times;

- expanding training resources for providers on the website to support high training needs; and

- extending the claim authorization deadline to January 31, 2025, to allow providers additional time to submit claims as 2,300 of the 9,500 registered providers had not yet logged into the system as of January 27, 2025.

MDH and Carelon continue to meet daily to work out potential issues and review risk and mitigation strategies.

DLS determined the report to be in compliance with the language and recommends the release of $250,000 in general funds restricted in fiscal 2025 pending the submission of a report on the recoupment of provider payments and an update on the ASO transition and will process a letter to this effect if no objections are released by the subcommittees.

The fiscal 2026 allowance includes $41.6 million in BHA for the fiscal 2026 portion of the Carelon contract. The fiscal 2025 working appropriation includes $32.0 million in ASO contract expenditures. MDH indicates that $13.2 million of the fiscal 2025 working appropriation supports the final six months of the Optum contract, which ended December 31, 2025. MDH also indicated that fiscal 2025 expenditures for the design, development, implementation phase to set up the Carelon ASO system ($6.8 million) and operations costs for the Carelon contract ($19.9 million) are budgeted in Major Information Technology Development Projects (MITDP) in MCPA. **MDH should clarify why the final six months of the Optum contract cost nearly the same amount as a full contract year in fiscal 2024 actuals.**

Operating Budget Recommended Actions

1. Modify the following language to the general fund appropriation:

, provided that ~~$4,017,728~~10,077,123 of this appropriation shall be reduced contingent upon the enactment of legislation authorizing the transfer of excess special fund balance from ~~the State Board of Acupuncture, the State Board of Dietetic Practice, the State Board of Chiropractic Examiners, the State Board of Examiners in Optometry, the State Board of Physical Therapy Examiners, the State Board of Social Work Examiners, the State Board of Audiologists, Hearing Aid Dispensers and Speech-Language Pathologists, the State Commission on Kidney Disease, and the State Board of Physicians~~ various health occupation boards to the Behavioral Health Administration.

Explanation: A provision in the Budget and Reconciliation Financing Act (BRFA) of 2025 authorizes the transfer of excess board balances to the Behavioral Health Administration. Language in the fiscal 2026 Budget Bill reduces the general fund appropriation contingent on this legislation and increases the special fund appropriation by the same amount. An action in the BRFA alters the health occupation boards from which funds are transferred and increases the total transfer. This action alters the language to reflect changes in the boards from which the transfers will occur and increases the general fund reduction contingent on the authorized transfer. The Maryland Department of Health is authorized to process a budget amendment to increase the special fund appropriation by the additional $6,059,395 that is transferred under the modified provision.

2. Add the following language to the general fund appropriation:

Further provided that $250,000 of this appropriation made for the purpose of administration may not be expended until the Maryland Department of Health submits three reports to the budget committees on reimbursements to non-Medicaid providers. The reports shall include provider reimbursement spending in M00L01.02 and M00L01.03, separated by service type and by program. The reports should include data through September 1 for the first report, December 31 for the second report, and March 31 for the third report. The data should be provided for fiscal 2026. The first report should also include final fiscal 2025 data by service type separately for M00L01.02 and M00L01.03. The first report shall be submitted by September 30, 2025, the second report by January 10, 2026, and the third report by April 20, 2026, and the budget committees shall have 45 days from the date of the receipt of the third report to review and comment. Funds restricted pending the receipt of a report may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if the report is not submitted to the budget committees.

Explanation: The committees are interested in better understanding the spending on provider reimbursements by service type for spending outside of the Medicaid Behavioral

Health Provider Reimbursements program. This language restricts funds pending submission of three reports on non-Medicaid provider reimbursements

Information Request	Author	Due Date
Report on provider reimbursements	Maryland Department of Health	September 30, 2025 January 10, 2026 April 20, 2026

3. Add the following language to the general fund appropriation:

Further provided that these funds are to be used only for the purposes herein appropriated, and there shall be no transfer to any other program or purpose except that funds may be transferred to programs M00L01.03 Community Services for Medicaid State Fund Recipients, M00Q01.03 Medical Care Provider Reimbursements, or M00Q01.10 Medicaid Behavioral Health Provider Reimbursements. Funds not expended or transferred shall be reverted.

Explanation: This language restricts the entire general fund appropriation for M00L01.02 Community Services for that purpose or for transfer for provider reimbursements in M00L01.03 Community Services for Medicaid State Fund Recipients, M00Q01.03 Medical Care Provider Reimbursements, or M00Q01.10 Medicaid Behavioral Health Provider Reimbursements.

		Amount Change		Position Change
4.	Reduce the general fund appropriation for behavioral health investments due to the inclusion of funding for services that are billable to Medicaid.	-$ 9,900,000	GF	
5.	Delete the appropriation for the 1% provider rate increase in M00L01.02, M00L01.03, and M00Q01.10.	-$ 8,915,433 -$ 10,547,874	GF FF	

6. Modify the following language to the special fund appropriation:

, provided that $4,017,728 of this appropriation is contingent upon the enactment of legislation authorizing the transfer of excess special fund balance from ~~the State Board of Acupuncture, the State Board of Dietetic Practice, the State Board of Chiropractic Examiners, the State Board of Examiners in Optometry, the State Board of Physical Therapy Examiners, the State Board of Social Work Examiners, the State Board of Audiologists, Hearing Aid Dispensers and Speech Language Pathologists, the State~~

~~Commission on Kidney Disease, and the State Board of Physicians~~ various health occupation boards to the Behavioral Health Administration.

Explanation: A provision in the Budget and Reconciliation Financing Act (BRFA) of 2025 authorizes the transfer of excess board balances to the Behavioral Health Administration. An action in the BRFA alters the health occupation boards from which funds are transferred and increases the total transfer. This action alters the language to reflect changes in the boards from which the transfers will occur. The Maryland Department of Health is authorized to process a budget amendment to increase the special fund appropriation for the additional $6,059,395 that is transferred under the modified provision.

7. Add the following language to the general fund appropriation:

, provided that these funds are to be used only for the purposes herein appropriated, and there shall be no transfer to any other program or purpose except that funds may be transferred to programs M00L01.02 Community Services, M00Q01.03 Medical Care Provider Reimbursements, or M00Q01.10 Medicaid Behavioral Health Provider Reimbursements. Funds not expended or transferred shall be reverted.

Explanation: This language restricts the entire general fund appropriation for provider reimbursements in M00L01.03 Community Services for Medicaid State Fund Recipients for that purpose or for transfer to M00L01.02 Community Services, M00Q01.03 Medical Care Provider Reimbursements, or M00Q01.10 Medicaid Behavioral Health Provider Reimbursements.

8. Add the following language:

Provided that all appropriations provided for program M00Q01.10 Medicaid Behavioral Health Provider Reimbursements are to be used only for the purposes herein appropriated, and there shall be no transfer to any other program or purpose except that funds may be transferred to programs M00L01.02 Community Services, M00L01.03 Community Services for Medicaid State Fund Recipients, or M00Q01.03 Medical Care Provider Reimbursements. Funds not expended or transferred shall be reverted or canceled.

Explanation: This language restricts funding for provider reimbursements in M00Q01.10 Medical Care Provider Reimbursements to that purpose or for transfer to M00L01.02 Community Services, M00L01.03 Community Services for Medicaid State Fund Recipients, or M00Q01.03 Medical Care Provider Reimbursements.

9. Add the following language:

Provided that all fiscal 2025 deficiency appropriations are to be used only for the purposes herein appropriated, and there shall be no transfer to any other program or purpose except that funds may be transferred to programs M00L01.02 Community Services, M00L01.03 Community Services for Medicaid State Fund Recipients, or M00Q01.03 Medical Care Provider Reimbursements. Funds not expended or transferred shall be reverted or canceled.

Explanation: This language restricts the entire general and federal fund deficiency appropriation for provider reimbursements in M00Q01.10 Medical Care Provider Reimbursements to that purpose or for transfer to M00L01.02 Community Services, M00L01.03 Community Services for Medicaid State Fund Recipients, or M00Q01.03 Medical Care Provider Reimbursements.

10. Add the following section:

$9,000,000 in general funds is reduced from the fiscal 2025 appropriation for program M00L01.03 Community Services for Medicaid State Fund Recipients within the Behavioral Health Administration that was made for the purpose of provider reimbursements for behavioral health services for the uninsured population.

Explanation: The fiscal 2025 working appropriation is expected to exceed the level needed for provider reimbursements in this program by $14.7 million in the fiscal 2025 working appropriation.

Total Net Change	**-$ 29,363,307**
Total General Fund Net Change	**-$ 18,815,433**
Total Federal Fund Net Change	**-$ 10,547,874**

Appendix 1
2024 *Joint Chairmen's Report* Responses from Agency

The 2024 JCR requested that BHA prepare three reports. Electronic copies of the full JCR responses can be found on the DLS Library website.

- ***Report on Recoupment, Forgiveness, and ASO Transition:*** Language in the fiscal 2025 Budget Bill restricted funds pending submission of two reports on the progress made toward recouping overpayments from providers and update on the ASO transition from Optum to Carelon. BHA submitted the first report on August 23, 2024, and the second report on January 14, 2025. The recoupment process and ASO transition are discussed in detail in Issue 4 of this analysis.

- ***Non-Medicaid Provider Reimbursement:*** Language in the fiscal 2025 Budget Bill required MDH to submit three reports with provider reimbursement data by service type for spending outside of the Medicaid Behavioral Health Provider Reimbursements program. As February 12, 2025, MDH submitted one of the two reports due to date. The third report is due April 20, 2024. Although the first report provided the requested budget information, it did not segregate funding by program, which is necessary for DLS to more accurately forecast behavioral health spending. MDH has agreed to provide the requested information separated by program for the subsequent two report submissions.

- ***Update on Long-Term Vacancies:*** Committee narrative requested information on 9 positions in BHA that had been vacant for more than one year as of December 31, 2023. As of August 2024, 4 of these positions had been reclassified and were on hold pending a determination of personnel needs to support the ASO transition. One vacant position is for a Deputy Secretary of Behavioral Health who holds a medical degree, and which is being intentionally left vacant. One position was filled on May 29, 2024, a candidate has been selected for 1 position with a start date pending, and 2 positions are undergoing active recruitment.

Appendix 2
Bed Registry and Referral System
Major Information Technology Development Project
MDH – BHA

Funding for this program is budgeted in the MITDP program within MDH Office of the Secretary.

New/Ongoing: Ongoing								
Start Date: September 1, 2021				**Est. Completion Date:** May 3, 2027				
Implementation Strategy: Agile								
($ in Millions)	**Prior Year**	**2025**	**2026**	**2027**	**2028**	**2029**	**Remainder**	**Total**
GF	$5.311	$0.632	$0.050	$1.960	$0.000	$0.000	$0.000	$7.954
Total	**$5.311**	**$0.632**	**$0.050**	**$1.960**	**$0.000**	**$0.000**	**$0.000**	**$7.954**

- ***Project Summary:*** The project will enable MDH staff to quickly identify available and appropriate spots for patients that need to be connected to behavioral health care services. The system will include an inventory of public and private behavioral health providers in the State offering inpatient, outpatient, and crisis services and a referral system accessible by any health care provider in the State. The system will also integrate with the Care Traffic Control System and be enabled for crisis response reporting and deploying mobile crisis response teams. The fiscal 2026 allowance includes $50,000 for oversight.

- ***Need:*** Chapter 29 of 2021 required MDH to manage a bed registry and referral system to monitor bed capacity and availability at health care providers across the State. MDH lacks a technological system to manage and track bed availability to serve those with urgent behavioral health needs.

- ***Observations and Milestones:*** MDH published an RFP in November 2024, and vendor demonstrations have been scheduled for February 2025. The department established a review committee to assess submissions and following the demonstrations, the committee will release a recommendation.

- ***Changes:*** The fiscal 2026 budget books show a total project cost of $8.0 million, which is $2.0 million more than the projected cost included with the fiscal 2026 MITDP.

- ***Concerns:*** MDH and the Department of Information Technology (DoIT) identified implementation as the only high-risk factor because the project could be delayed dependent on time and capacity of users, including providers and local governments. Resource availability for staff time was previously named as a high risk but is now rated as medium due to the RFP being released by the target date. There continues to be some risk associated with staff time to evaluate resumes and select a vendor.

Appendix 3
Medical Management Information Systems Modular Transformation (MMT) Behavioral Health Administrative Services Organization
Major Information Technology Development Project
MDH – BHA

Funding for this program is budgeted in the MITDP program within MCPA.

New/Ongoing: Ongoing								
Start Date: July 1, 2022				**Est. Completion Date:** March 1, 2026				
Implementation Strategy: Agile								
($ in Millions)	**Prior Year**	**2025**	**2026**	**2027**	**2028**	**2029**	**Remainder**	**Total**
GF	$0.000	$0.000	$0.071	$0.000	$0.000	$0.000	$0.000	$0.071
SF	0.000	0.071	0.000	0.000	0.000	0.000	0.000	0.071
FF	0.000	4.189	12.653	0.000	0.000	0.000	0.000	16.843
Total	**$0.000**	**$4.261**	**$12.725**	**$0.000**	**$0.000**	**$0.000**	**$0.000**	**$16.985**

- ***Project Summary:*** The MMT behavioral health ASO is a reprocurement initiative to implement a software-as-a-service solution for claims adjudication and payment, supporting Maryland Medicaid behavioral health providers in compliance with State regulations. The system will interface with the Medicaid Management Information System to facilitate provider information transfer between the two systems and improve user experience. Carelon, the new behavioral health ASO vendor, has provided a team to support the program and system. The fiscal 2026 allowance includes $50,000 for oversight and $21,282 for independent verification and validation.

- ***Need:*** The system enables providers to submit claims for reimbursement for providing behavioral health Medicaid services and State-run services to clients across the State.

- ***Observations and Milestones:*** The new ASO came online January 1, 2025.

- ***Concerns:*** MDH and DoIT initially rated implementation as a high-risk factor due to the transition of the new ASO. However, as of January 30, 2025, the new vendor has onboarded a majority of behavioral health service providers. Implementation is still rated as a high-risk factor due to the dependence of successful implementation on external stakeholders such as providers and local jurisdictions. MDH and Carelon have established a project governance committee including all stakeholders to ensure the implementation plan receives input from system users.

Appendix 4
Object/Fund Difference Report
Maryland Department of Health – Behavioral Health Administration

Object/Fund	FY 24 Actual	FY 25 Working Appropriation	FY 26 Allowance	FY 25 - FY 26 Amount Change	Percent Change
Positions					
01 Regular	165.30	218.80	223.80	5.00	2.3%
02 Contractual	66.63	27.74	30.44	2.70	9.7%
Total Positions	**258.77**	**246.54**	**254.24**	**7.70**	**3.1%**
Objects					
01 Salaries and Wages	$ 18,056,036	$ 23,394,734	$ 26,078,973	$ 2,684,239	11.5%
02 Technical and Special Fees	6,400,236	2,416,847	2,419,059	2,212	0.1%
03 Communication	121,371	120,575	116,039	-4,536	-3.8%
04 Travel	92,144	67,989	58,772	-9,217	-13.6%
07 Motor Vehicles	0	0	530	530	N/A
08 Contractual Services	3,300,600,542	3,212,642,784	3,333,224,353	120,581,569	3.8%
09 Supplies and Materials	28,212	10,030	11,764,021	11,753,991	117188.3%
10 Equipment – Replacement	44,221	0	5,288	5,288	N/A
11 Equipment – Additional	44,250	2,155	63,455	61,300	2844.5%
12 Grants, Subsidies, and Contributions	473,145	4,732,821	27,710,871	22,978,050	485.5%
13 Fixed Charges	124,524	66,028	125,710	59,682	90.4%
14 Land and Structures	1,619,987	0	0	0	0.0%
Total Objects	**$ 3,327,604,668**	**$ 3,243,453,963**	**$ 3,401,567,071**	**$ 158,113,108**	**4.9%**
Funds					
01 General Fund	$ 1,359,127,361	$ 1,433,334,346	$ 1,494,061,984	$ 60,727,638	4.2%
03 Special Fund	44,888,744	39,810,644	44,230,605	4,419,961	11.1%
05 Federal Fund	1,917,643,177	1,764,023,789	1,856,231,911	92,208,122	5.2%
09 Reimbursable Fund	5,945,386	6,285,184	7,042,571	757,387	12.1%
Total Funds	**$ 3,327,604,668**	**$ 3,243,453,963**	**$ 3,401,567,071**	**$ 158,113,108**	**4.9%**

Note: The fiscal 2025 appropriation does not include deficiencies, planned reversions, or contingent reductions. The fiscal 2026 allowance does not include contingent reductions or statewide salary adjustments budgeted within the Department of Budget and Management.

Appendix 5
Fiscal Summary
Maryland Department of Health – Behavioral Health Administration

Program/Unit	FY 24 Actual	FY 25 Wrk Approp	FY 26 Allowance	Change	FY 25 - FY 26 % Change
01 Dep. Sec. for Behavioral Health and Disabilities	$ 1,798,635	$ 1,643,559	$ 0	-$ 1,643,559	-100.0%
01 Program Direction	18,113,564	19,203,783	21,310,586	2,106,803	11.0%
02 Community Services	447,001,925	613,772,501	655,396,702	41,624,201	6.8%
03 Community Services for Medicaid State Fund Recipients	75,247,185	84,937,967	95,858,747	10,920,780	12.9%
10 Medicaid Behavioral Health Provider Reimbursements	2,785,443,359	2,523,896,153	2,629,001,036	105,104,883	4.2%
Total Expenditures	**$ 3,327,604,668**	**$ 3,243,453,963**	**$ 3,401,567,071**	**$ 158,113,108**	**4.9%**
General Fund	$ 1,359,127,361	$ 1,433,334,346	$ 1,494,061,984	$ 60,727,638	4.2%
Special Fund	44,888,744	39,810,644	44,230,605	4,419,961	11.1%
Federal Fund	1,917,643,177	1,764,023,789	1,856,231,911	92,208,122	5.2%
Total Appropriations	**$ 3,321,659,282**	**$ 3,237,168,779**	**$ 3,394,524,500**	**$ 157,355,721**	**4.9%**
Reimbursable Fund	$ 5,945,386	$ 6,285,184	$ 7,042,571	$ 757,387	12.1%
Total Funds	**$ 3,327,604,668**	**$ 3,243,453,963**	**$ 3,401,567,071**	**$ 158,113,108**	**4.9%**

Note: The fiscal 2025 appropriation does not include deficiencies, planned reversions, or contingent reductions. The fiscal 2026 allowance does not include contingent reductions or statewide salary adjustments budgeted within the Department of Budget and Management.