

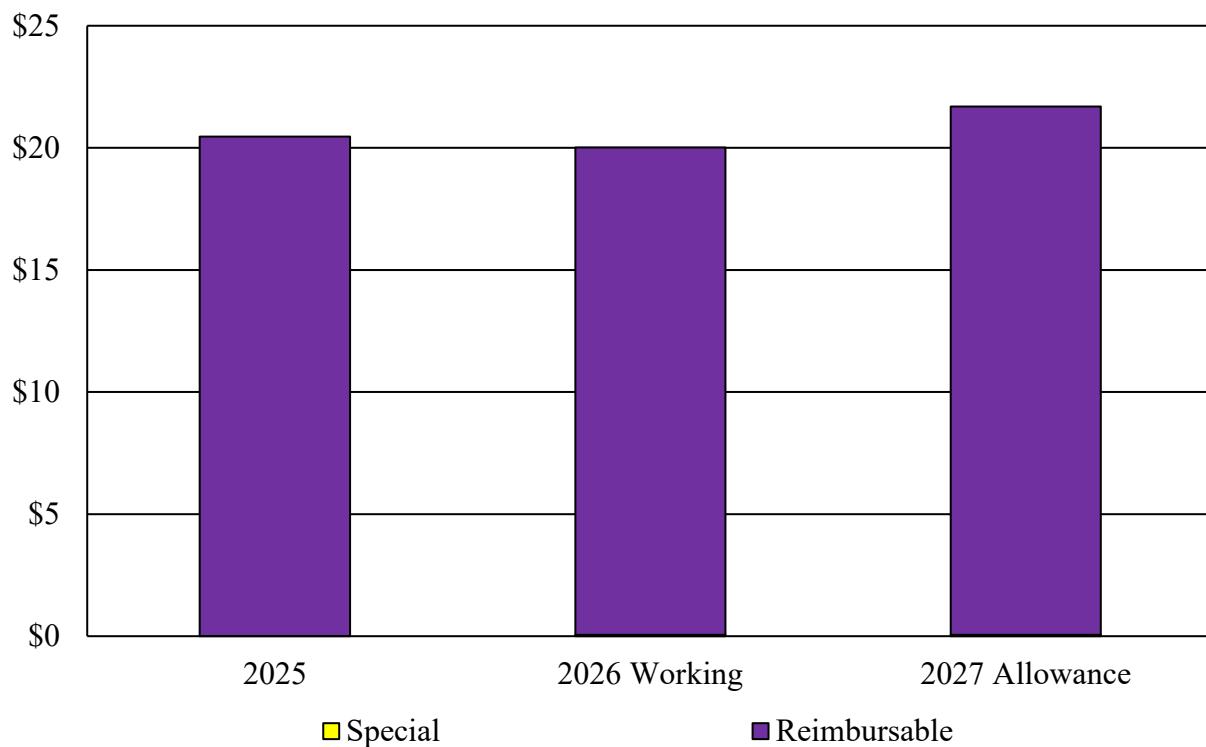
D99A11
Office of Administrative Hearings

Program Description

The Office of Administrative Hearings (OAH) was established in 1990 to centralize the hearing functions in various units of State government and provide an unbiased and objective forum for contested cases involving State agencies. As such, it is an independent unit of the Executive Branch. OAH is one of the largest central panel agencies in the country. Cases before OAH originate from approximately 30 State agencies that reimburse the OAH based on the proportion of time that it spends on their cases. Additionally, homeowners who are subject to foreclosure proceedings in circuit court may request mediation with OAH, and all OAH decisions are subject to judicial review in State or federal court as provided by law.

Operating Budget Summary

Fiscal 2027 Budget Increases \$1.7 Million, or 8.4%, to \$21.7 Million
(\$ in Millions)



Note: The fiscal 2027 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency's budget.

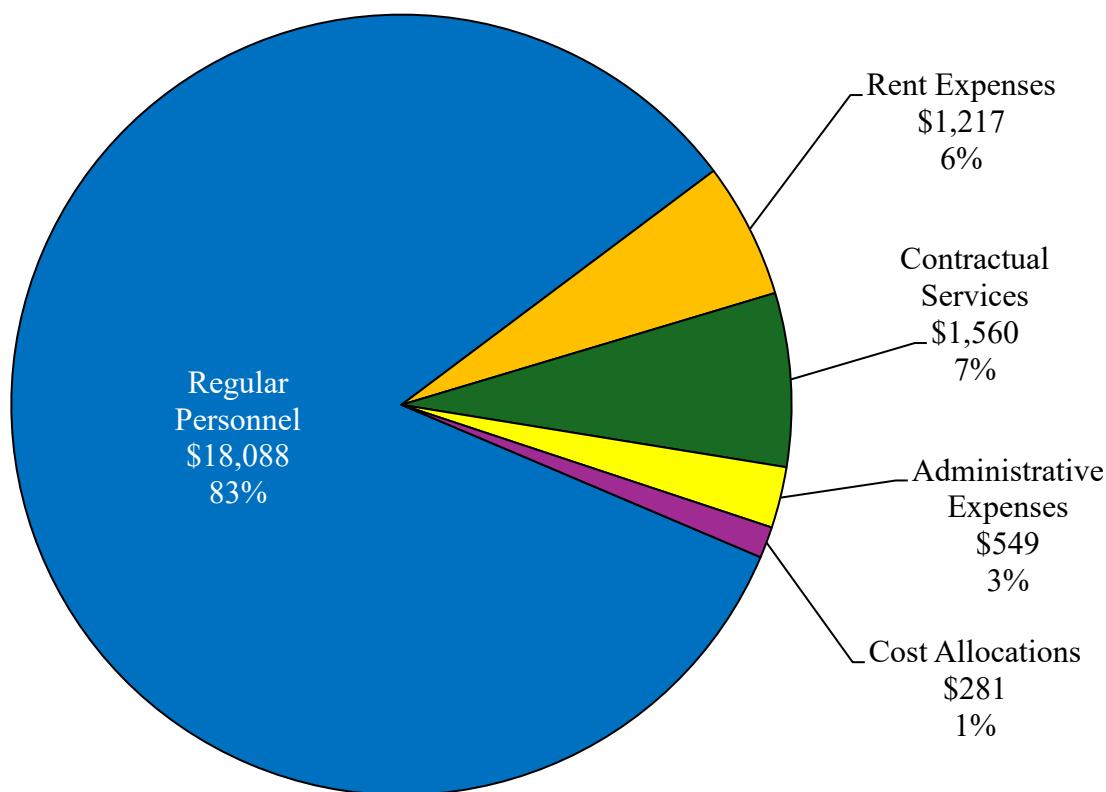
For further information contact: Scott Benson

scott.benson@mga.maryland.gov

Fiscal 2027 Overview of Agency Spending

As shown in **Exhibit 1**, OAH's fiscal 2027 allowance totals \$21.7 million, of which 83% supports salaries and fringe benefits for 114 regular positions. The second largest category, contractual services, is 7% of the allowance and includes \$850,000 for the development of a new case management system, approximately \$710,000 for translation services provided during hearings, and other legal and contractual services that are used for administrative support in relation to hearings conducted by the agency. The third largest category, rent expenses, comprises 6% of the allowance and funds OAH's main office in Hunt Valley and additional offices in Rockville and Salisbury.

Exhibit 1
Overview of Agency Spending
Fiscal 2027 Allowance
(\$ in Thousands)



Note: The fiscal 2027 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 2**, the fiscal 2027 allowance for OAH increases by 8.4%, or just under \$1.7 million, compared to the fiscal 2026 working appropriation. The largest increases include funding for the development and implementation of a new case management system and regular personnel costs driven by employee and retiree health insurance. Spending decreases in fiscal 2027 include less funding for contracts for security services for OAH facilities and information technology maintenance.

Exhibit 2
Proposed Budget
Office of Administrative Hearings
(**\$ in Thousands**)

How Much It Grows:	Special Fund	Reimb. Fund	Total
Fiscal 2025 Actual	\$0	\$20,457	\$20,457
Fiscal 2026 Working	52	19,963	20,015
Fiscal 2027 Allowance	52	21,644	21,695
Fiscal 2026-2027 \$ Change	\$0	\$1,680	\$1,680
Fiscal 2026-2027 % Change	0.0%	8.4%	8.4%
Where It Goes:			Change
Personnel Expenses			
Employee and retiree health insurance			563
Salary increases and associated fringe benefits, including fiscal 2026 cost-of-living adjustments and increments			221
Deferred compensation match due to change in budgeting.....			40
Turnover decreases from 3.14% to 3.13%.....			3
Other Changes			
Contract for the development of a new case management system			850
Conferences and training costs			17
Communication services and equipment.....			14
Renewal of legal services contract			11
Office supplies			10
Maintenance contract for e-filing system, computer software, and computer equipment.....			-23
Reduced costs for security services for facilities due to new contract			-35

Where It Goes:	Change
Other adjustments	9
Total	\$1,680

Note: Numbers may not sum to total due to rounding. The fiscal 2027 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency's budget.

Case Management System

OAH has begun the process of procuring a new case management system because its current system, created in 2003, has been deemed obsolete by OAH. The vendor for the existing system, Equivant, is also ending its support of the system's software. Due to the implementation of new systems, such as the Maryland Electronic Courts system, the ability to share data has become more challenging and has impacted OAH's operations. This project is currently in the early stages of procurement, with vendor proposals due in March 2026. Once a proposal is accepted and there is a Notice to Proceed, OAH anticipates that the new system can be implemented in a year. The fiscal 2027 allowance includes \$850,000 in reimbursable funds for the project.

Personnel Data

	FY 25	FY 26	FY 27	FY 26-27
	Actual	Working	Allowance	Change
Regular Positions	117.00	114.00	114.00	0.00
Contractual FTEs	0.00	0.00	0.00	0.00
Total Personnel	117.00	114.00	114.00	0.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	3.57	3.13%
Positions and Percentage Vacant as of 12/31/2025	4.00	3.51%
Vacancies Above Turnover	0.43	

- Administrative law judges (ALJ) account for 3 out of 4 vacant positions as of December 31, 2025. The agency's training process for new ALJs takes approximately nine months and requires significant resources. In order to minimize training expenses, the agency recruits and trains new employees for multiple vacancies of this type at one time.

OAH indicates that recruitment is underway to fill these positions, and the agency anticipates that new ALJs will fill the existing vacant positions in May.

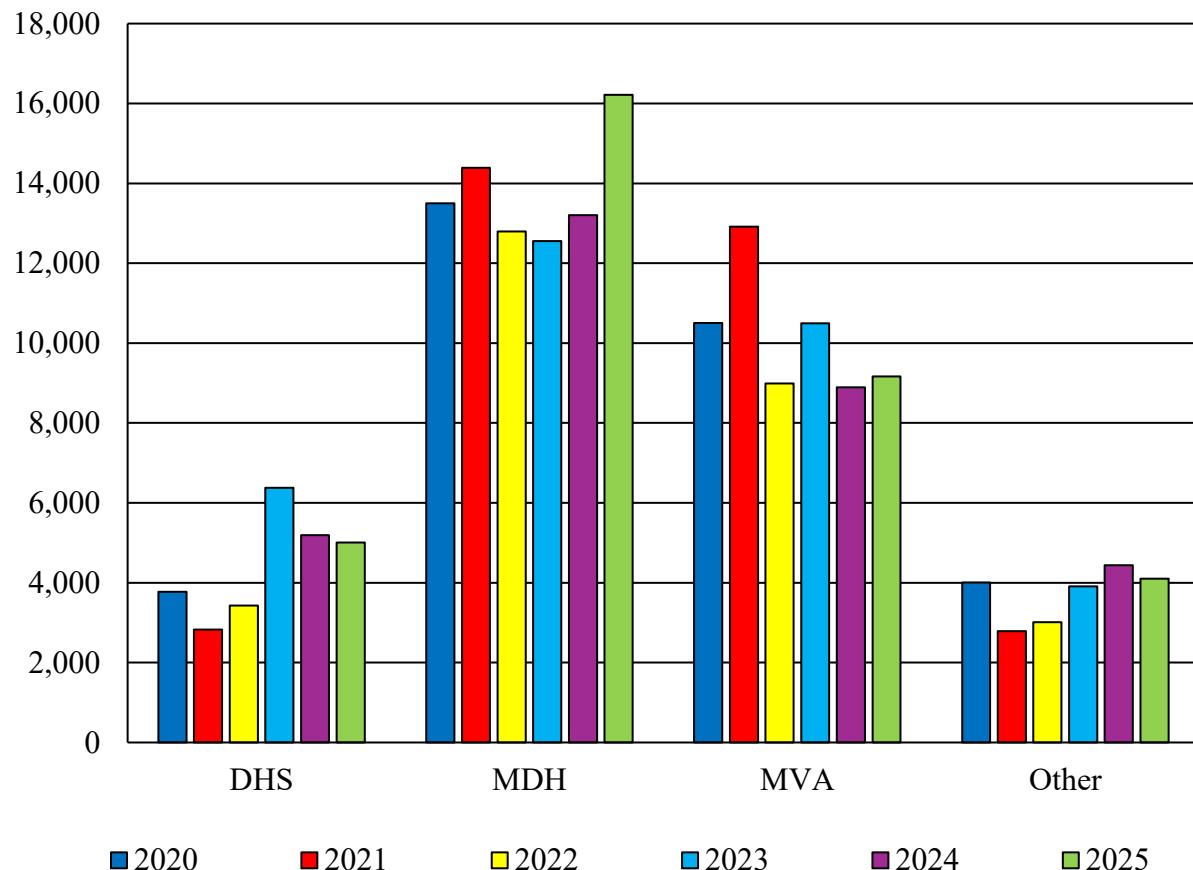
- In October 2025, the Board of Public Works approved the abolition of 502.7 positions statewide, including positions associated with the Voluntary Separation Program (VSP). In OAH, 3 positions were abolished due to the VSP. These positions were an office services clerk, a management associate, and an ALJ.

Key Observations

1. Total Number of Cases Heard Increases

OAH hears cases from more than 30 State agencies. As shown in **Exhibit 3**, of the 34,484 cases disposed of by OAH in fiscal 2025, 30,385 cases (88%) originated in just 3 agencies. As in past years, the Maryland Department of Health (MDH) was the agency with the most cases disposed of by OAH in fiscal 2025, increasing from 13,207 cases in fiscal 2024 to 16,219 in fiscal 2025. This increase has been driven by cases involving Medicaid eligibility and Medicaid long-term care eligibility; however, OAH is unable to determine the specific reasons for the increase in these types of cases. With the passage of the federal One Big Beautiful Bill Act and associated changes to benefits eligibility, including work requirements and more frequent eligibility redetermination, OAH anticipates that these policy changes for Medicaid and the Supplemental Nutrition Assistance Program (administered by the Department of Human Services (DHS)) will likely lead to an increase in hearing requests.

Exhibit 3
Cases Disposed by Agency
Fiscal 2020-2025



DHS: Department of Human Services

MDH: Maryland Department of Health

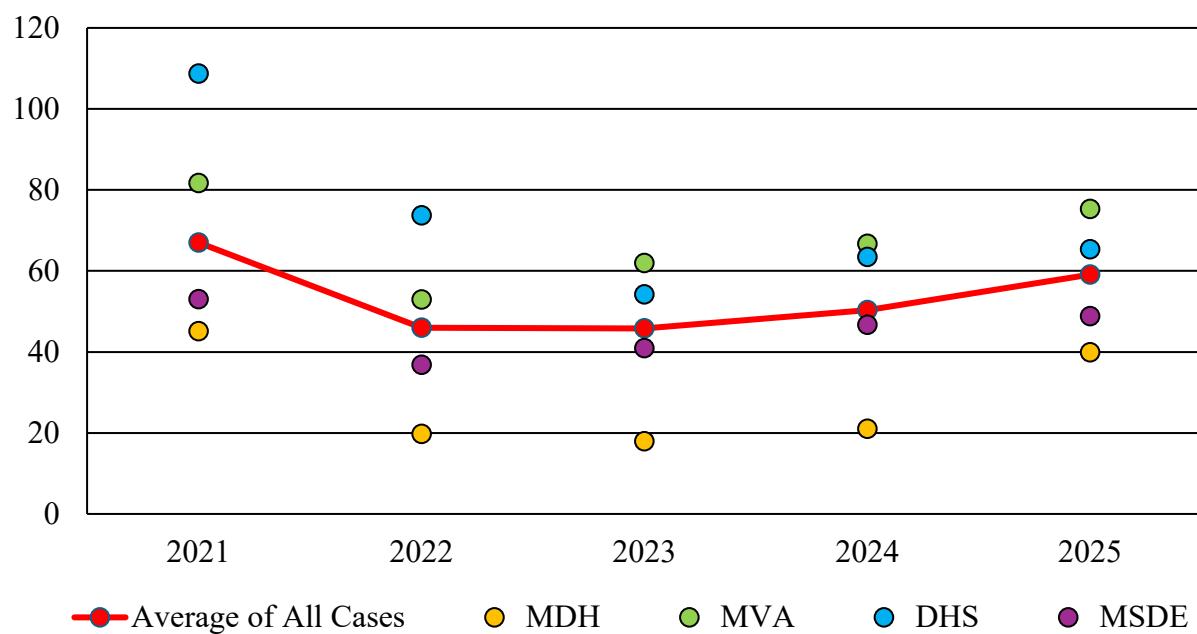
MVA: Motor Vehicle Administration

Source: Department of Budget and Management

Following MDH, the Maryland Department of Transportation's Motor Vehicle Administration and DHS account for the second and third most cases in fiscal 2025, with 9,162 and 5,004 cases, respectively. Mortgage foreclosure mediations, which are included in the "Other" category, decreased by 260 cases for a total of 680 in fiscal 2025. Maryland State Department of Education (MSDE) cases are also included in the "Other" category and have risen for four consecutive years after sharply decreasing between fiscal 2020 and 2021. OAH disposed of 1,421 cases from MSDE in fiscal 2025, an increase of 184 cases from the prior year and an increase of 704 cases from the recent low of 717 cases in fiscal 2021.

One of the objectives identified in OAH’s annual Managing for Results (MFR) submission is for the agency to dispose of all cases in “an efficient and timely manner.” OAH schedules hearings promptly upon receipt of an appeal for all case types. All case types, including MDH and DHS, have decision timeframes set by either federal or State statutes and regulations that govern the delegating agency, or by the provisions of the Administrative Procedure Act (APA). Pursuant to the APA, where a decision timeframe is not articulated in statute or regulation, OAH is required to issue a proposed or final decision within 90 days after the completion of the hearing. In fiscal 2025, OAH reported that 99.9% of decisions were issued in a timely manner. OAH reported this despite the average number of days from the date of receipt of an appeal to the date of disposition overall increasing by 8.8 days between fiscal 2024 and 2025. As shown in **Exhibit 4**, in fiscal 2025, the average processing time increased for all agencies with cases specifically being tracked. OAH has cited several factors for the increase in average case processing times, including postponements due to good cause, which may include medical or family emergencies or requests to obtain counsel.

Exhibit 4
Average Case Processing Time
Fiscal 2021-2025



DHS: Department of Human Services
MDH: Maryland Department of Health
MSDE: Maryland State Department of Education
MVA: Motor Vehicle Administration

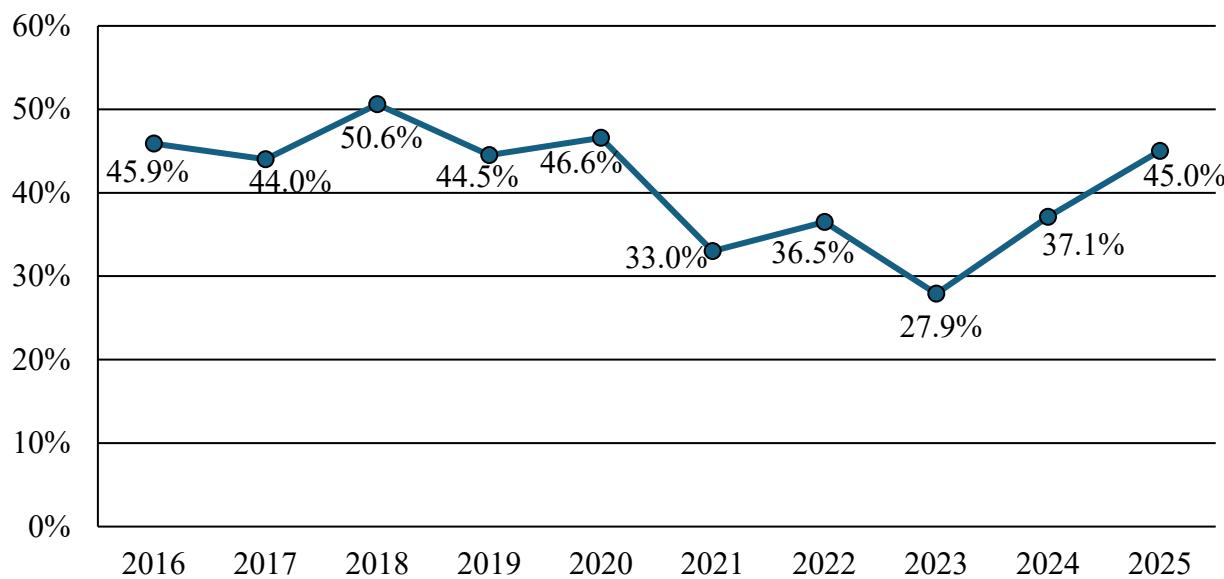
Source: Department of Budget and Management

2. Percentage of Cases Resolved Using Alternative Dispute Resolution Techniques Increase

Cases brought before OAH are not strictly resolved via hearings. The agency encourages parties in cases to reach a settlement when possible, and ALJs are assigned by the agency to utilize alternative dispute resolution (ADR) techniques when requested by the parties to assist them in reaching a settlement. ALJs serve as either a settlement judge or a mediator when ADR techniques are being used in settlement discussions. When acting as settlement judges, ALJs both facilitate the settlement discussions and provide the parties with an assessment of the strengths and weaknesses of their cases during the process. When acting as mediators, ALJs facilitate the discussion but do not provide an assessment of their case to the parties.

As shown in **Exhibit 5**, in fiscal 2025, OAH resolved 45.0% of cases using ADR techniques, an increase of 7.9 percentage points from fiscal 2024. Despite this improvement, the percentage of cases resolved with ADR techniques in fiscal 2025 remains 5.6 percentage points below the 50.6% rate in fiscal 2018, which is the highest percentage in the last decade. OAH does not set a goal for the percentage of cases to be resolved with ADR techniques each year since both parties must agree to participate.

Exhibit 5
Percentage of Cases Resolved Using ADR Techniques
Fiscal 2016-2025



ADR: alternative dispute resolution

Source: Department of Budget and Management

The 2025 *Joint Chairmen’s Report* (JCR) included narrative requesting the inclusion of additional performance measures regarding the use of ADR techniques, such as the timeframe for ADR case disposition and usage of ADR by agency, in OAH’s annual MFR submission. OAH reported that the average time of cases using ADR techniques from the date of receipt of an appeal to the date of its disposition was 46 days in fiscal 2025. **Exhibit 6** shows each agency’s share of cases resolved with ADR techniques out of cases in which ADR techniques were requested and used. The two agencies that use ADR techniques to resolve these cases most frequently are MSDE, which used these techniques for 410, or 28.8%, of the cases, and MDH for 98, or 12.3%, of the cases. The use of ADR techniques varies greatly, as procedural characteristics may prohibit the use of ADR techniques depending on the case types. Despite being prohibited in some cases or parties deciding against the use of ADR techniques, ALJs often find time before the hearing for the parties to engage in informal discussions and attempt to reach a settlement. The results of these informal discussions are not known, as OAH does not record any performance metrics related to them.

Exhibit 6
Percentage of Case Types With ADR Techniques Requested and Used in
Which Cases are Resolved with ADR Techniques
Fiscal 2025

<u>Agency</u>	<u>% Resolved</u>
Maryland State Department of Education	28.8%
Maryland Department of Health	12.3%
Maryland Department of Labor	0.9%
Maryland Department of the Environment	0.6%
State Personnel Management System	0.6%
Transportation Service Human Resource System	0.6%
Department of Natural Resources	0.3%
Maryland Department of Transportation	0.3%
University System of Maryland	0.3%

ADR: alternative dispute resolution

Source: Department of Budget and Management

Operating Budget Recommended Actions

1. Concur with Governor's allowance.

Appendix 1 **2025 Joint Chairmen's Report Responses from Agency**

The 2025 JCR requested that OAH create new performance measures to be included in its next MFR submission. Electronic copies of the fiscal 2027 MFR submission can be found on the Department of Budget and Management website.

- ***MFR Measures for Usage of ADR Techniques:*** Narrative in the 2025 JCR requested that OAH include additional measures related to the usage of ADR techniques in the fiscal 2027 MFR submission. OAH created new performance measures that include the total number of agencies for which ADR technique may be utilized, excluding foreclosure mediation; the percentage of cases in which ADR is requested and used within each agency and ADR techniques are used to resolve the case; and the average number of days from receipt of an appeal to the conclusion of an appeal when ADR is requested and leads to a settlement. Further discussion of OAH's MFR measures related to ADR techniques is found in Key Observation 2 of this analysis.

Appendix 2
Hearing Case Types by Agency

<u>Agency Name</u>	<u>Common Case Types</u>
Motor Vehicle Administration	Drunk Driving Offenses; Accumulation of Points on Driver's License; Ignition Interlock Noncompliance; Violations on a Provisional License; Commercial Driver's License Disqualification; and Medical Advisory Board Suspensions
Maryland Department of Health	Medical Assistance (Including Long-term Care, Medical Assistance Coverage/Eligibility; Community First Choice); Involuntary Admission to a Behavioral Health Unit; Hearing on Court Recommendations for Persons Adjudged Not Criminally Responsible; Clinical Review Panel Appeals; and Patient Bill of Rights Cases (<i>i.e.</i> , Involuntary Discharge from a Nursing Home)
Department of Human Services	Supplemental Nutrition Assistance Program Benefits; Child Abuse and Neglect; Temporary Cash Assistance; and Foster Care Suspensions and Terminations
Maryland Insurance Administration	Premium Surcharge Hearings; Nonrenewals; and Consumer Complaints
Office of the Attorney General	Consumer Protection Cases (Including Opioid Cases); Landlord Violations; Securities Division Cases; Unfair and Deceptive Trade Practices; and Home Builder Guaranty Fund
Independent Boards Related to MDH	Maryland Board of Physicians; Board of Nursing; Board of Dental Examiners; and Antitrust Supervisory Review Relating to Board Disciplinary and Cease and Desist Orders
Maryland Department of Labor	Home Improvement Commission and Real Estate Commission: Guaranty Fund Cases and Disciplinary Cases; and Commission of Financial Regulation: Fraud and Consumer Protection Cases
State Personnel Management System	State Employee Terminations; Suspensions; Disciplinary Actions; Grievances; and Whistle-blower Actions
Maryland State Police	Concealed Carry and Handgun Qualification Appeals; Security Guard and Security Guard Agency Licensing; and Automobile Safety Technician Cases

Agency Name

Department of Natural Resources

Maryland State Department of Education

Maryland Health Benefits Exchange

Maryland Department of the Environment

Law Enforcement Agencies

Common Case Types

Oyster, Fishing, and Crabbing Licenses; Wetlands; and Pollution Cases

Special Education (e.g., Individualized Education Plans; Free Appropriate Public Education; Reimbursement for Private Placement in Nonpublic School); School Redistricting; and Board of Education Cases

Health Insurance Eligibility

Lead Paint Cases; Sediment/Stormwater; and Oil Pollution Control

Maryland Police Accountability Act Cases

Appendix 3
Object/Fund Difference Report
Office of Administrative Hearings

<u>Object/Fund</u>	<u>FY 25 Actual</u>	<u>FY 26 Wrk Approp</u>	<u>FY 27 Allowance</u>	<u>\$ Change</u>	<u>% Change</u>
Positions					
01 Regular	117.00	114.00	-3.00	-117.00	-102.6%
02 Contractual	0.00	0.00	0.00	0.00	N/A
Total Positions	117.00	114.00	-3.00	-117.00	-102.6%
Objects					
01 Salaries, Wages, and Fringe Benefits	\$17,535,404	\$17,260,773	\$18,088,317	\$827,544	4.8%
03 Communications	125,533	112,149	126,508	14,359	12.8%
04 Travel	114,622	104,000	116,100	12,100	11.6%
06 Fuel and Utilities	79,048	73,072	73,072	0	0.0%
07 Motor Vehicle Operation and Maintenance	1,913	7,460	380	-7,080	-94.9%
08 Contractual Services	1,037,356	1,028,176	1,841,170	812,994	79.1%
09 Supplies and Materials	203,719	177,000	187,000	10,000	5.6%
10 Equipment – Replacement	155,861	15,000	15,000	0	0.0%
11 Equipment – Additional	12,625	15,000	12,743	-2,257	-15.0%
13 Fixed Charges	1,191,269	1,222,529	1,235,201	12,672	1.0%
Total Objects	\$20,457,350	\$20,015,159	\$21,695,491	\$1,680,332	8.4%
Funds					
03 Special Funds	\$0	\$51,943	\$51,943	\$0	0.0%
09 Reimbursable Funds	20,457,350	19,963,216	21,643,548	1,680,332	8.4%
Total Funds	\$20,457,350	\$20,015,159	\$21,695,491	\$1,680,332	8.4%

Note: The fiscal 2027 allowance does not include statewide salary adjustments budgeted within the Department of Budget and Management.