

HOUSE BILL 1434

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By: **Delegate Hammen**

Introduced and read first time: February 14, 2014

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Community Services – Provider Reimbursement**

3 FOR the purpose of repealing the Community Services Reimbursement Rate
4 Commission; requiring the Department of Health and Mental Hygiene to
5 establish, and hire an independent contractor to verify, a certain weighted
6 average cost structure for purposes related to inflationary cost adjustments for
7 community services providers; requiring the Department to conduct a certain
8 study and assess certain cost structures in determining the weighted average
9 cost structure; requiring a certain independent contractor to collect and analyze
10 certain data and conduct a certain assessment; requiring the Department to
11 submit a certain annual report to the Governor and the General Assembly; and
12 generally relating to reimbursement for community services providers.

13 BY repealing

14 Article – Health – General

15 Section 13–801 through 13–810 and the subtitle “Subtitle 8. Community
16 Services Reimbursement Rate Commission”

17 Annotated Code of Maryland

18 (2009 Replacement Volume and 2013 Supplement)

19 BY repealing and reenacting, with amendments,

20 Article – Health – General

21 Section 16–201.2

22 Annotated Code of Maryland

23 (2009 Replacement Volume and 2013 Supplement)

24 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
25 MARYLAND, That Section(s) 13–801 through 13–810 and the subtitle “Subtitle 8.
26 Community Services Reimbursement Rate Commission” of Article – Health – General
27 of the Annotated Code of Maryland be repealed.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

3 **Article – Health – General**

4 16–201.2.

5 (a) (1) In this section the following words have the meanings indicated.

6 (2) “Community developmental disabilities services provider” means a
7 community–based developmental disabilities program licensed by the Department.

8 (3) “Community mental health services provider” means a
9 community–based mental health program approved by the Department or an
10 individual practitioner who contracts with the Department or the appropriate core
11 service agency.

12 (4) “Core service agency” has the meaning stated in § 10–1201 of this
13 article.

14 (5) “Eligible individual” means a Medicaid recipient or an individual
15 who receives developmental disabilities services or mental health services subsidized
16 in whole or in part by the State.

17 (b) Notwithstanding the provisions of this subtitle, the Department shall
18 reimburse a community developmental disabilities services provider or a community
19 mental health services provider for approved services rendered to an eligible
20 individual as provided in this section.

21 (c) (1) Beginning in fiscal year 2012 and in each fiscal year thereafter, the
22 Department shall adjust for inflation the fees paid to a community developmental
23 disabilities services provider and a community mental health services provider for
24 approved services rendered to an eligible individual.

25 (2) The Department shall establish an annual inflationary cost
26 adjustment for providers that shall be aligned with the annual cost adjustments for
27 units of State government in the Governor’s proposed budget.

28 (3) **(I)** Subject to paragraphs (4) and (5) of this subsection, the
29 Department shall ensure that the annual inflationary cost adjustment for providers is
30 equivalent to the annual inflationary cost adjustments for categories of costs for units
31 of State government in the Governor’s proposed budget by using [the] A weighted
32 average cost structure [set forth in § 13–806(b)(1) of this article].

33 **(II) THE DEPARTMENT SHALL:**

1 1. **ESTABLISH, AND HIRE A CONTRACTOR TO**
2 **INDEPENDENTLY VERIFY, THE WEIGHTED AVERAGE COST STRUCTURE**
3 **REQUIRED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH; AND**

4 2. **DETERMINE THE WEIGHTED AVERAGE COST**
5 **STRUCTURE BY:**

6 A. **STUDYING THE CATEGORIES OF COSTS USED BY**
7 **THE DEPARTMENT OF BUDGET AND MANAGEMENT IN THE BUDGETS OF UNITS**
8 **OF STATE GOVERNMENT; AND**

9 B. **ASSESSING THE AVERAGE COST STRUCTURE OF**
10 **PROVIDERS USING THE CATEGORIES OF COSTS USED BY THE DEPARTMENT OF**
11 **BUDGET AND MANAGEMENT FOR UNITS OF STATE GOVERNMENT.**

12 **(III) THE INDEPENDENT CONTRACTOR HIRED BY THE**
13 **DEPARTMENT TO VERIFY THE WEIGHTED AVERAGE COST STRUCTURE SHALL:**

14 1. **COLLECT AND ANALYZE SALARY SURVEY DATA;**
15 **AND**

16 2. **ASSESS THE FINANCIAL HEALTH OF COMMUNITY**
17 **PROVIDERS BY ANALYZING FINANCIAL STATEMENTS OR COST REPORTS.**

18 **(IV) ON OR BEFORE OCTOBER 1 OF EACH YEAR, THE**
19 **DEPARTMENT SHALL REPORT TO THE GOVERNOR AND, IN ACCORDANCE WITH §**
20 **2-1246 OF THE STATE GOVERNMENT ARTICLE, THE GENERAL ASSEMBLY ON**
21 **THE ANALYSIS AND ASSESSMENT PERFORMED BY THE INDEPENDENT**
22 **CONTRACTOR UNDER SUBPARAGRAPH (III) OF THIS PARAGRAPH.**

23 (4) The annual inflationary cost adjustments for categories of costs for
24 units of State government used to establish the annual inflationary cost adjustment
25 for providers may not be less than 0%.

26 (5) The annual inflationary cost adjustment for providers may not
27 exceed a maximum adjustment of 4%.

28 (6) Annual adjustments shall be funded with due regard to the
29 expenditures necessary to meet the needs of individuals receiving services.

30 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
31 June 1, 2014.