

Department of Legislative Services
Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE

House Bill 871 (Delegate Smigiel, *et al.*)
Health and Government Operations

Health - Compensation for Mental Health Services Providers - Workgroup

This bill requires the House Health and Government Operations Committee to convene a workgroup to study the manner in which mental health services providers are compensated for mental health services provided through Medicaid or Medicare to individuals in the State and make recommendations on improvements that will ensure that mental health services providers are adequately compensated. The workgroup must report its findings and recommendations to the full committee by October 1, 2015.

Fiscal Summary

State Effect: Any additional workload can be handled within existing budgeted resources.

Local Effect: None.

Small Business Effect: None.

Analysis

Background: Medicaid is the single largest payor for mental health services in the United States. All state Medicaid programs provide reimbursement for mental and behavioral health services covered under various service categories: physician's services, inpatient and outpatient hospital services, licensed practitioner's services, clinics, rehabilitative services, inpatient psychiatric hospital services for individuals younger than 21, and prescription drugs.

Maryland has a community mental health fee-for-service system, which was recently transferred from the Medical Care Programs Administration (Medicaid) to the Behavioral Health Administration (BHA). Total community mental health services expenditures in fiscal 2013 were \$671.0 million.

Chapters 497 and 498 of 2010 mandated a rate adjustment for mental health providers (and providers serving individuals with developmental disabilities) equivalent to the increase in the Executive Branch for certain cost centers. The Governor's proposed fiscal 2015 State budget includes nearly \$10.1 million in BHA's budget for this purpose, which represents a 4.0% rate increase effective January 1, 2015. However, the Department of Legislative Services' budget analyses recommend that any funding included in the budget for provider rate increases be used to fund the level of rate increase that is supportable for the full fiscal year, which would equate to a 2.0% rate increase, effective July 1, 2014.

Medicare Part A covers mental health care services that require an inpatient admission to either a general hospital or a psychiatric hospital. Medicare Part B covers mental health services on an outpatient basis. Effective January 1, 2014, Medicare began reimbursing outpatient mental health treatment services at parity with other Part B services. Previously, Medicare beneficiaries faced a higher copayment for outpatient mental health treatment, known as the mental health treatment limitation. Beneficiaries were required to pay up to 50% of the approved amount for these services under the physician fee schedule, as opposed to Medicare's 20% copayment for most other outpatient services.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Health and Mental Hygiene, Department of Legislative Services

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