

Department of Legislative Services
 Maryland General Assembly
 2023 Session

FISCAL AND POLICY NOTE
 Third Reader

Senate Bill 581
 Finance

(Senators Klausmeier and Mautz)

Health and Government Operations

Behavioral Health Care Coordination Value-Based Purchasing Pilot Program

This bill establishes a Behavioral Health Care Coordination Value-Based Purchasing Pilot Program in the Maryland Department of Health (MDH). The purpose of the pilot program is to establish and implement an intensive care coordination model using value-based purchasing (VBP) in the specialty behavioral health system. MDH must administer the pilot program, which must be operational for a three-year period. For fiscal 2025 through 2027, the Governor must include in the annual budget bill an appropriation of \$600,000 for the pilot program. **The bill terminates November 30, 2027.**

Fiscal Summary

State Effect: MDH general fund expenditures increase by \$276,600 in FY 2024 for contractual staff and one-time only contractual costs for a consultant. General fund expenditures in FY 2025 through 2027 reflect the mandated appropriation for the pilot program, which includes ongoing contractual staff costs; however, contractual staff costs continue in FY 2028 as discussed below. Revenues are not affected. **This bill establishes a mandated appropriation for FY 2025 through 2027.**

(in dollars)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	276,600	600,000	600,000	600,000	59,400
Net Effect	(\$276,600)	(\$600,000)	(\$600,000)	(\$600,000)	(\$59,400)

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: None.

Small Business Effect: Meaningful.

Analysis

Bill Summary: “Behavioral health care coordination” means a person-centered, team-based activity designed to (1) assess and meet the needs of an individual with a behavioral health condition and (2) help the individual navigate the health care system effectively and efficiently.

MDH must identify at least 500 adults whose behavioral health condition or functioning places them at risk of hospital emergency department utilization or inpatient psychiatric hospital admission.

A provider or network of providers selected to participate must (1) be licensed and in good standing with Medicaid; (2) have experience in providing community-based care coordination to specialty behavioral health program recipients; (3) use an electronic medical record for documenting care coordination activities and outcomes collection; and (4) have an automated data exchange with the State-designated health information exchange.

MDH must (1) provide reimbursement on a per member per month basis for the behavioral health care coordination activities that are not otherwise covered by Medicaid; (2) collect outcomes data on recipients of health care services under the pilot program; and (3) evaluate the effectiveness of the VBP purchasing model by analyzing outcome measures, as specified. If necessary to implement the pilot program, MDH must apply for an amendment to the State’s § 1115 HealthChoice Demonstration.

Beginning in fiscal 2026, MDH must allocate a percentage of the mandated appropriation for the pilot program to reimbursement paid based on the achievement of specified outcome measures. In fiscal 2027, MDH must increase this percentage over the percentage allocated in fiscal 2026.

By November 1, 2027, MDH must report to the Governor and the General Assembly on its findings and recommendations from the pilot program.

Current Law: MDH must establish a delivery system for specialty mental health services for Medicaid managed care organization (MCO) enrollees. The Behavioral Health Administration must design and monitor the delivery system, establish performance standards for providers, and establish procedures to ensure appropriate and timely referrals from MCOs to the delivery system. MDH must collaborate with MCOs to develop standards and guidelines for the provision of specialty mental health services. MDH may contract with an MCO for delivery of specialty mental health services if the MCO meets performance standards adopted by MDH in regulations.

The delivery system must (1) provide all specialty mental health services needed by enrollees; (2) for enrollees who are dually diagnosed, coordinate the provision of substance abuse services provided by MCOs; (3) consist of a network of qualified mental health professionals from all core disciplines; (4) include linkages with other public service systems; and (5) comply with quality assurance, enrollee input, data collection, and other requirements specified by MDH in regulation.

State Expenditures: MDH must establish the VBP Pilot Program, which takes effect October 1, 2023, and operate the pilot program for a three-year period (fiscal 2025 through 2027). The pilot program terminates November 30, 2027, at which time MDH must submit a final report on its findings and recommendations. MDH advises that it will require additional personnel and a one-time consultant to implement the pilot program.

Therefore, MDH general fund expenditures increase by \$276,610 in fiscal 2024, which accounts for the bill’s October 1, 2023 effective date. MDH has determined that two regular full-time positions are needed. However, the Department of Legislative Services advises that the added responsibilities of the pilot program are not permanent and, thus, may be performed by contractual employees. This estimate reflects the cost of hiring one program administrator and one coordinator of special programs to evaluate VBP models, review consultant proposals, and implement and evaluate the pilot program. It includes salaries, fringe benefits, one-time start-up costs, one-time contractual costs for a consultant to assist in the development of the pilot program (including developing rates and providing training), and ongoing operating expenses.

	<u>FY 2024</u>	<u>FY 2025</u>
New Contractual Positions	2.0	-
Salaries and Fringe Benefits	\$96,792	\$122,326
One-time Consultant	165,000	0
Pilot Program Provider Reimbursement	0	475,533
Operating Expenses	<u>14,818</u>	<u>2,141</u>
Total Pilot Program Expenditures in FY 2024 and 2025	\$276,610	\$600,000

Future year expenditures reflect full salaries with annual increases and employee turnover as well as annual increases in ongoing operating expenses.

In fiscal 2025 through 2027, an annual mandated appropriation of \$600,000 is provided for the pilot program. This analysis assumes that this appropriation covers ongoing personnel costs as well as provider reimbursement. The contractual positions terminate November 30, 2027, the date on which the pilot program terminates and the same month that the final report on the pilot program must be submitted.

This estimate does not include any health insurance costs that could be incurred for specified contractual employees under the State's implementation of the federal Patient Protection and Affordable Care Act.

Small Business Effect: Small business behavioral health providers may benefit from additional reimbursement under the pilot program in fiscal 2025 through 2027.

Additional Comments: To the extent that expenditures on the pilot program improve individuals' behavioral health and reduce the need for other behavioral health services (including emergency room visits and hospitalizations), overall expenditures are offset, potentially significantly.

Additional Information

Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Department of Budget and Management; Maryland Department of Health; Department of Legislative Services

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