



MDH ATTENDEES: Laura Herrera Scott, MD, MPH, Secretary
Alyssa Lord, MA MSc, Deputy Secretary, Behavioral Health Administration

Available For Questions: Amalie Brandenburg, MDH Chief Financial Officer
Sara Barra, MS, CPM, CBCP, Chief of Staff, Behavioral Health Administration

Maryland Department of Health (MDH) Behavioral Health Administration
Fiscal Year 2025 Operating Budget
Response to Department of Legislative Services Analysis

House Appropriations Committee
Health and Social Services Subcommittee
Delegate Emily Shetty
February 29, 2024

Senate Budget and Taxation Committee
Health and Human Services Subcommittee
Senator Cory McCray
March 4, 2024

The Department thanks the Governor, the Department of Budget and Management (DBM), and the Budget Committees for their support. We thank the Department of Legislative Services for its insightful budget analysis and for its recommendations to concur with the Governor's allowance.

The Department of Legislative Services (DLS) recommends the release of \$100,000 in general funds restricted in fiscal 2024 pending the submission of statewide data on telebehavioral health usage in the MFR submission and will process a letter to this effect if no objections are raised by the subcommittees. (page 7)

The Maryland Department of Health thanks the Department of Legislative Services for their review and recommended release of funds.

MDH should comment on its work with individual local behavioral health authorities to address insufficient supply of MOUD services in their jurisdictions. (page 9)

The Department works closely with local behavioral health authorities (LBHAs) to address access to behavioral health care, including MOUD services. Among other things, this includes yearly planning meetings with the LBHAs in which we review their strategic plans, identify gaps, and collaborate on ways to increase access in their jurisdictions. Through these meetings, each local jurisdiction receives funds to support and MOUD, through the SAMHSA Federal Block Grant and State Opioid Response (SOR) Grant. In fact, the Department will be releasing a Request for Applications in the coming weeks for SOR funding for local providers to help address the insufficient supply of MOUD services in coordination with the local behavioral health authorities.

Ultimately, the Commission on Behavioral Health Treatment and Access will further examine availability of MOUD in Maryland's 24 jurisdictions, and will report on its findings in its Annual Report.

MDH should comment on if it has adequately staffed this [Sheila E. Hixson Behavioral Health Services Matching Grant] program as of the 2024 session. (page 10)

MDH believes it has adequately staffed this program; however, we have experienced turnover in the Grants Administrator position. The Grants Administrator, who is part of Maryland's Commitment to Veterans team, left this in the second quarter of fiscal year 2024. We are currently recruiting for a replacement. In the interim, the supervisor of this position is fulfilling this role.

BHA should discuss how these [CareFirst PILOT] funds will be used to support behavioral health services in fiscal 2025. To allow use of these funds under BHA, DLS recommends adding a provision to the BRFA of 2024 to authorize the use of the SPDAP balance for behavioral health services in fiscal 2025. DLS also recommends language making the \$5.0 million budgeted for this purpose in fiscal 2025 contingent on the BRFA including a provision authorizing the use of these funds. (page 16)

The Department concurs with the DLS recommendation to add a provision in the BRFA of 2024 to authorize the use of the SPDAP balance for behavioral health services in FY 2025. This action will re-establish mental health services as an allowable use of the underlying CareFirst subsidy that currently supports SPDAP services only. The Department likewise concurs with the DLS recommendation to make the \$5 million of added special fund appropriation contingent on passage of the BRFA language.

The \$5 million of SDPAP funds is to cover fee-for-service Psychiatric Rehabilitation Services for the Uninsured. BHA usually receives state general funds to cover this service. This is a needed service for the Uninsured Mental Health population.

BHA should discuss the planned use of these [health occupation board] balances in BHA and when it anticipates the funds would be added to the budget of BHA. (page 16)

The Governor's FY 25 budget transfers fund balances from three health occupation boards to MDH to support general fund expenditures in behavioral health for Grants and Contracts within Community Services.

After the legislative session closes, DBM will engage with state agencies to confirm budget line item detail to effectuate all budget-related actions authorized by the budget bill and the BRFA. This process occurs after the Legislature finalizes the budget, usually in April. Once this occurs, DBM will adjust the statewide budget system to reflect all adjustments. Around this time, DBM also will share current year FY 2024 adjustments with the Comptroller, which will then update program-level appropriation totals by fund in the state's accounting system, FMIS. Changes to the FY 2025 budget will be reflected in the legislative appropriation funding levels that the Comptroller will post to FMIS on or around 7/1/24.

DLS recommends amending the contingent language by removing the reference to county grants. (page 17)

The Maryland Department of Health concurs with this recommendation.

MDH should describe the specific uses of the \$3 million, indicating to which jurisdictions funding will be directed and in what amounts it will be distributed across the State. MDH should also discuss the specific other fund sources that may be available to supplement this funding and the anticipated costs to the State for the program in fiscal 2026. (page 17)

The \$3.0 million for Assisted Outpatient Treatment (AOT) services will be used as planning funds to establish the program, hire staff and coordinate with jurisdictions to address current local capability and capacity to begin services.

For fiscal year 2026, Maryland anticipates around 200 - 400 individuals could be eligible for services under an AOT program. According to data from the Office of Administrative Hearings, approximately 560 people currently meet the proposed criteria of having been involuntarily admitted for inpatient psychiatric treatment twice over the course of a 3 year period. Ultimately, MDH anticipates cost savings will be reflected in the Medicaid program, its state-only behavioral health spending, and in MDH's five state-operated psychiatric facilities.

If established in Maryland, an AOT program is expected to generate cost savings. In one California county, for every \$1 spent on the AOT program, \$1.81 was saved. Among other things, savings are attributed to preventing acute psychiatric hospitalizations and keeping individuals out of jail. Moreover, over the first 30 months of the program's implementation, AOT resulted in a 45% net savings for the county.¹

The Department continues to look for other sources of funding. In FY25, we expect the Substance Abuse and Mental Health Services Administration (SAMHSA) to release a grant opportunity for AOT programs for which the Department will apply.

BHA should comment on efforts to fill and, as applicable, reclassify long-term vacancies. (page 20)

As of December 31, 2023 BHA had thirty-nine (39) vacancies, including nineteen (19) that aligned with contractual conversions approved by BPW on October 25, 2023. Of the remaining twenty (20), nine (9) have been vacant for more than a year.

BHA is currently working to reconcile all existing vacancies with the budget and ongoing programmatic and administrative needs. Simultaneously, BHA is working with our partners in the Office of Human Resources and the Department of Budget and Management to expedite the posting and recruitment of positions, processing of paperwork, and reclassing several long-term vacancies to better align with agency needs, legislative mandates, and trends in the behavioral health field.

BHA has recently reorganized to support the new initiatives and our vision to implement a continuum of care. Our divisions now align with the pillars of the Continuum of Care:

- Prevention/Promotion
- Primary Behavioral Health/Early Intervention
- Urgent/Acute Care
- Treatment/Recovery
- Policy/Planning
- Operations

Two new directors have been hired to support this. The new Director for the Urgent/Acute Care Division, Tanya Schwartz, is leading efforts to implement new initiatives, namely implementation of Mobile Crisis and Crisis Stabilization services. The new Director for the

¹ Cost-effectiveness analysis of Assisted Outpatient Treatment implementation in California's civil sector (Accessed 2.24.2024)
<https://www.nevadacountyca.gov/DocumentCenter/View/10773/Cost-Effectiveness-Analysis-of-AOT-Implementation-in-CA-Civil-Sector-PDF>

Primary Behavioral Health/Early Intervention Division is scheduled to start in early March and will be responsible for leading efforts for Children, Adolescents, and Young Adults as well as upstream early intervention efforts across the lifespan.

MDH Behavioral Health Administration Long-Term Vacant Positions	
Position	Current Effort to Fill / Reclassify Long-Term Vacancy
Director of Finance and Fiscal Services	Interviews have been scheduled for four (4) qualified candidates for early March 2024
Deputy Secretary/ Psychiatrist Clinical Superintendent	This position was used for the last Deputy Secretary who was a Psychiatrist. The position being reclassified to best align with the Administration's needs.
Assistant Director, Administration and Program Implementation	This position is being reposted.
Administrator I	This position is being reposted.
Coordinator of Special Programs	This position is being reclassified to support BHA's restructuring of the continuum of care.
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Administrator III	This position is being reclassified to support BHA's restructuring of the continuum of care.
Program Administrator I	This position is being reclassified to support BHA's restructuring of the continuum of care.
Procurement Officer III	This position has been realigned to the Office of Contract Management and Procurement

MDH should discuss the planned uses of these new positions. (page 20)

FY 2025 Governor's Allowance MDH Behavioral Health Administration New Merit Positions		
Initiative	No. New PINs	Purpose
7/1/23 BPW Contractual	3.0 new PINs	Conversion of SPP employees

<p>Conversions</p>	<ul style="list-style-type: none"> ● Program Direction (1) ● Community Services (2) 	<p>to merit status, per 7/1/23 BPW approval. Staffing to support the work BHA initiatives to include Maryland RecoveryNet and Community Mental Health Services. These new positions are supported by existing budget resources.</p>
<p>10/25/23 BPW Contractual Conversions</p>	<p>20.0 new PINs</p> <ul style="list-style-type: none"> ● Program Direction (3) ● Community Services (17) 	<p>Conversion of SPP employees to merit status, per 10/25/23 BPW approval. Staffing to support the work BHA initiatives such as Maryland’s Commitment to Veterans, Maryland RecoveryNet, State Opioid Response (SOR), Overdose Fatality Review, and Special Populations. These new positions are supported by existing budget resources.</p>
<p>BHA Licensing, Compliance, and Quality</p>	<p>9.0 new PINs</p> <ul style="list-style-type: none"> ● Community Services (9) 	<p>Staffing to strengthen the workforce needed to ensure provider quality of behavioral health services through licensing and compliance activities. These new positions are supported by existing budget resources.</p>
<p>Ongoing BHA SPP Functions</p>	<p>37.0 new PINs</p> <ul style="list-style-type: none"> ● Program Direction (3) ● Community Services (34) 	<p>Staffing to support the work BHA initiatives to include Maryland’s Commitment to Veterans, Maryland RecoveryNet, State Opioid Response (SOR), Interagency Hospital Overstays initiative, and Prevention/Wellness. These new positions are supported by existing budget resources.</p>

MDH should provide an estimated date of when providers will be able to start billing for this service. (page 21)

We anticipate providers being able to bill for mobile crisis and crisis stabilization services in late fiscal 2024, with increasing billing in early fiscal 2025. The licensure and Medicaid regulations for Crisis Services (Mobile Crisis Teams and Crisis Stabilization Centers) were published by the Division of State Documents on 2/9/24 and are currently under public comment.

MDH is focused on ensuring a continuum of behavioral health crisis services across the state - including by developing and expanding Mobile Crisis Teams and establishing Crisis Stabilization Centers for the first time in Maryland.

MDH should explain the cost of these investments thus far and how the costs align with projected costs presented in the report submitted in July 2023. (page 23)

There is \$89 million of spending anticipated in fiscal 2024 for ongoing initiatives that continue to be funded in the Governor's fiscal 25 allowance. Initiatives proposed in the July 2023 *Joint Chairmen's Report* that are underway and expected to continue in FY25 are programs such as Crisis Services, Collaborative Care, Tertiary Care, and various initiatives that support Hospital Discharges (e.g., Assisted Living beds, Residential Rehabilitation Program (RRP) beds, RRP Staff technical assistance, Undocumented Legal Services, and Permanent Supportive Housing slots) listed above.

There is \$18.3 million in one-time funding for fiscal year 2024 that is not funded in the Governor's fiscal year 2025 allowance. These include one-time projects such as capital improvements at Brooklane and Whitsitt Center to meet regional healthcare needs that are currently underway. Projects such as High Intensity Residential Treatment; Care Traffic Control; and Trauma, Addictions, Mental Health, and Recovery were discontinued in the Behavioral Health Investments funding in order to more strategically utilize other funding sources and initiatives to bring them to fruition.

As we move into the fourth quarter of the fiscal year we continue to closely track progress and spending on these initiatives in close coordination with the Department of Budget and Management. An update on several key initiatives found in the July 2023 report is as follows:

- The Collaborative Care Medicaid benefit went statewide in October 2023
- Funding for **11** children/adolescent beds and **6** adult Tertiary Care beds has been awarded
- Funding has been awarded to local jurisdictions to support the expansion of **89** Assisted Living slots. These slots will be filled by individuals who are discharged from State Hospitals

- Funding has been awarded to support an additional **40** intensive community Residential Rehabilitation Program (RRP) beds
- Funding has been awarded for **75** Permanent Supportive Housing slots for individuals discharging from State Hospitals and RRP
- Funding has been awarded for **5** RRP technical assistance staff, and the addition of contractual staff at MDH to implement these programs
- Funding has been awarded for capital costs to add **10** children/adolescent behavioral health inpatient beds at Brooklane
- Funding has been awarded for a small contract to provide legal services for undocumented patients discharging from the MDH Healthcare System and a competitive opportunity to continue this work is ongoing
- Staff have been hired for Discharge Planning and Coordination and hiring is ongoing for BHA Expansion Staff and Forensic Evaluators

As discussed above, reimbursement for both mobile crisis teams and crisis stabilization services has been delayed until the end of the fiscal 2024. As we transition to fee-for-service, MDH is funding one-time grants in the current fiscal year to provide a glide path for current providers to provide services until they are able to sustainably seek reimbursement.

We anticipate utilizing any budget surplus to address potential deficits in Medicaid Behavioral Health Reimbursements (program M00Q01.10).

MDH should comment on what portion of the \$35 million investment in crisis services is allocated for grants and which portion will be used for provider reimbursement in fiscal 2024. (page 24)

MDH has awarded \$13.5 million in grants as of February 2024 and is reviewing opportunities for additional one-time grants to local jurisdictions to build and expand mobile crisis and crisis stabilization centers. We anticipate providers to begin billing while in late fiscal year 2024/early fiscal year 2025.

We anticipate utilizing any budget surplus to address potential deficits in Medicaid Behavioral Health Reimbursements (program M00Q01.10).

MDH should comment on the commission activities that will examine the adequacy of funding for and cost-effectiveness of supporting prevention and early intervention efforts. (page 26)

The Commission on Behavioral Health Care Treatment and Access is committed to improving access to behavioral healthcare in Maryland. This four year Commission has undertaken

significant work to begin addressing gaps in our continuum of care. Future work will continue to focus on ensuring the full continuum of care is available to all Marylanders across the state, to include prevention and early intervention efforts so that individuals receive services in the most integrated settings appropriate to their needs.

Given the amount of funding for Prevention and Early Intervention activities being awarded by Consortium on Coordinated Community Supports, the Department is working closely with the Consortium to ensure prevention activities are appropriately funded. Future work of the Commission will examine this, as well as other activities to improve quality of care in the public behavioral health system. ,

To understand the status of the overpayment balance and recoupment, DLS recommends adopting language restricting funds pending submission of the report. (page 28)

The Department anticipates the submission of this report by early March. We respectfully request that the committees do not adopt language restricting funds.

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 (p 30).

MDH respectfully requests the committee not adopt this language. The Department currently staffs fifty-five (55) Commissions and Work Groups, all with required reports to the Legislature. This is in addition to *Joint Chairmen's* reports, and other statutorily mandated reporting requirements. In lieu of a mandated report, the Department commits to working with DLS to share data, and meet quarterly review requested data.

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 M00L – MDH – Behavioral Health Administration Analysis of the FY 2025 Maryland Executive Budget, 2024 31 Medicaid Behavioral Health Provider Reimbursements. Funds not expended or transferred shall be reverted (p 30).

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Provider Reimbursements, or M00Q01.10 Medicaid Behavioral Health Provider Reimbursements. Funds not expended or transferred shall be reverted (p 31).

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The Department thanks DLS for its recommendation to expand the budget lock for the behavioral health programs to include M00Q01.03 Medical Care Provider Reimbursements. This flexibility is needed to ensure that the Department has the ability to target budget resources where they are most needed to address any budget shortfalls. We likewise appreciate the recommended expansion of the usual budget lock on program M00Q01.03 to also include program M00Q01.07 Maryland Children's Health Program, as outlined on pages 46 and 48 of the DLS analysis of Medical Care Programs Administration budgets. The Department respectfully requests that programs M00L01.02, M00L01.03, M00Q01.10, M00Q01.03, and M00Q01.07 all be included in the same budget lock. The Department also requests that program M00M01.02 DDA Community Services be added to the same budget lock as well.



BHA Budget Overview

Alyssa Lord, MA, MSc
Deputy Secretary for Behavioral Health

Behavioral Health Continuum of Care



Prevention/Promotion				Primary Behavioral Health/ Early Intervention		Urgent/Acute Care		Treatment / Recovery	
Promotion	Universal Prevention	Selective Prevention	Indicated Prevention	Outpatient Care	Intermediate Care	Urgent/ Crisis Care	Acute Treatment	Long-Term Treatment	Recovery Supports

Data / Quality / Health Equity / Workforce Initiatives

Budget Highlights: Key Investments in Rebuilding State Government

- The Governor's FY25 allowance adds 69.5 new positions for BHA
 - Includes staff to strengthen the workforce of the Behavioral Health Administration's to ensure quality of behavioral health services through licensing and compliance activities.
- On February 14, 2024, BPW authorized a new ASO contract with Carelon Behavioral Health, Inc.

Budget Highlights: Statewide Investments

- The Governor's FY25 allowance provides a **3% cost of living adjustment for behavioral health providers**
- The budget includes **\$89.2 million** to continue Behavioral Health Investments in Maryland
 - The Collaborative Care Medicaid benefit went statewide in October 2023
 - Reimbursement for Mobile Crisis and Crisis Stabilization Center services
 - Inpatient and Tertiary Care Beds for youth and adults
 - Community placements for those discharging from the MDH Healthcare System

Overview of DLS Budget Responses

Questions and Answers from Committee Members