MDH ATTENDEES: Laura Herrera Scott, MD, MPH, Secretary
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Available For Questions: TBD

Maryland Department of Health (MDH) Overview
Fiscal Year 2026 Operating Budget
Response to Department of Legislative Services Analysis

House Appropriations Committee
Health and Social Services Subcommittee
Delegate Emily Shetty
January 29, 2025

Senate Budget and Taxation Committee
Health and Human Services Subcommittee
Senator Cory McCray
January 30, 2025

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.

MDH should comment on the status of filling the new positions (p. 14).

As of 1/25/25, 116 of the 700 new merit positions are filled, 391 positions are created in Workday but vacant, and 193 of the Workday PIN creations are in process.

The PIN creation process involves coordination and approvals across multiple entities, including MDH Office of Human Resources (OHR), MDH Budget Management Office (BMO), DBM Office of Personnel Services and Benefits (OPSB), and DBM Office of Budget Analysis (OBA). Once PINs are created in Workday, they are either filled via contractual conversion or by competitive recruitment. The contractual conversion process entails coordination among the program, MDH OHR, MDH BMO, and DBM OPSB. The process to fill positions via competitive recruitment can be lengthy.

Please note as well that nearly 25% of unfilled new positions are tied to staffing for new units at JLG Regional Institute for Children and Adolescent that recently opened and new units at Thomas B. Finan Hospital Center that have not opened.

Finally, we note that even as MDH works diligently to create and fill positions – enabling contractual conversions where appropriate – the Department is intentionally holding new positions vacant for some programs in order to operate within budgeted turnover rates.

MDH should provide an update on its projected timeframe for reducing the Community Options Waiver registry by 50% and estimated enrollment and slot expansion through fiscal 2028. Additionally, the department should discuss (1) the feasibility of transitioning from a registry to a waitlist that would allow for preliminary eligibility screening or determination and (2) other proposals to more efficiently enroll individuals in the Community Options waiver (p. 22).

Pursuant to the 2024 Joint Chairmen's Report (p. 125-126), the Maryland Department of Health (MDH) submitted its annual report on the Community First Choice Program and Community Options (CO) waiver financial and registry data in August 2024.

Per Senate Bill SB 28 and SB 636, passed during the 2022 legislative session, MDH has successfully implemented and/or is working on implementing the following strategies to more effectively enroll individuals in the waiver and reduce the registry:

- MDH increased the number of CO Waiver program invitations mailed each month to registrants. Starting in January 2023, 300 individuals from the registry were invited to apply per month and, as of December 2024, 700 per month were being invited to apply.
- In April 2023, MDH released a system enhancement that led to the response time for an applicant or his/her designee to review and return the completed application to be shortened from eight (8) weeks to six (6) weeks from the date the invitation was mailed.
- Additionally, MDH has partnered with the Vital Statistics Administration and the Hilltop Institute to remove deceased individuals on the CO Waiver registry. This process is expected to be implemented by March 31, 2025.
- MDH has partnered with Maryland Department of Aging on screening processes through Maryland Access Point to more accurately ensure that only those potentially eligible for the waiver are added to the registry.
- There has been a nearly 30% reduction in the plan of service reviews since July 1, 2023, allowing eligible individuals to receive and access home and community-based services.

These actions together have allowed for significant reductions to the registry. On July 1, 2023, there were 25,563 registrants on the registry. As of December 31, 2024, there were 24,112 registrants on the registry. The Department will work with Hilltop Institute to determine a projected timeframe for reducing the registry by 50%. It is important to note that additional staffing resources would be needed in both eligibility services and long-term services and supports within Medicaid to support the transition of the registry to a waitlist. The total number

of budgeted slots for FY 2025 is 4,921, and the proposed budget for approved slots in FY 2026 is 5,202. The ability to reduce the waitlist further is heavily dependent on the availability of state funding.

MDH should provide a status update on applying for and implementing the new Technology Waiver, including whether the fiscal 2026 allowance provides any funding for this program (p. 23).

The FY 2026 Allowance does not include a budget for the Technology Waiver, and the Department has not applied for the waiver. Applying for and implementing the waiver would require additional state general funds.

MDH should comment on which programs and efforts [supported by the BHA enhancements budget] were delayed resulting in the withdrawal of fiscal 2025 funds (p. 28).

The $30 million current year negative deficiency for Behavioral Health investments accounts for cancellation, delayed implementation, and/or re-budgeting decisions involving the following initiatives:

- Tertiary beds ($10.0 million): elimination of planned investments in capital improvements and staffing at MedStar and Adventist to build inpatient hospital bed capacity;
- Mobile Crisis Activities ($6.0 million): reduction of grant-based and FFS mobile crisis services to account for delayed implementation of new rates;
- Assisted Outpatient Treatment ($3.0 million): now funded by other BHA budget sources;
- Criminal Justice initiatives ($2.5 million): elimination of planned initiatives to identify alternatives to incarceration and diversion activities;
- New Segue and Residential Crisis Beds ($2.0 million): now funded by other BHA budget sources;
- High Fidelity Wrap-Around Services ($2.0 million): reduction accounts for enrollment ramp-up for youth peer and other services that will be absorbed into the 1915(i) intensive home and community-based services State Plan Amendment.
- Mobile Response & Stabilization Services (MRSS) ($1.4 million): now funded by other BHA budget sources;
- HBCU Support ($1.1 million): elimination of planned efforts to build behavioral health capacity at HBCUs; and
- Telehealth ($1 million): elimination of planned efforts to identify a vendor to support the implementation of behavioral health crisis stabilization centers (BHCSC). The elimination of this support will not impact the ability of BHCSCs to perform telehealth services.

Elimination of initiatives enabled re-budgeting of Behavioral Health Investment funds in FY 2026 and beyond to support the BHASO Major Information Technology Development Program, and to support the state share of the Medical Assistance match for school mental health services, the scaling of 1915(i) services in future years, Early and Periodic Screening Diagnosis and Treatment (EPSDT) rate increases, and implementation of mental health peer services in FQHCs. Support for the above-mentioned initiatives enables the Department to leverage federal matching funds from the Medical Assistance program.

MDH and DBM should propose an amendment to the BRFA to waive in fiscal 2026 only the requirement that 50% of the CRF appropriation support specified programs to align with the budget (p. 35).

MDH concurs with the amended BRFA language recommended by DLS. DBM will propose an amendment to the BRFA to waive in fiscal 2026 only the requirement that 50% of the CRF appropriation support specified programs align with budget.

The Department of Legislative Services recommends (1) adding a provision to the BRFA that expands the allowable uses of CRF paid into the separate account to be used on Medicaid expenses in fiscal 2026 only and (2) reducing $25 million in general funds from the Medicaid budget in recognition of Maryland recovering the funds related to the sales year 2005 through 2007 litigation. Both recommendations will appear in the M00Q01 – Medical Care Programs Administration analysis (p. 37).

In consultation with the Department of Budget and Management, the Department respectfully disagrees. While the arbitration panel estimates Maryland's award at approximately $25 million, the final amount, including interest, and its receipt timeline remain uncertain until all participating states resolve their cases. Some states are significantly delayed, with no trial dates set. During discussions with the OAG in the fall, they indicated that a definitive timeline could not be provided but anticipated that all states would likely settle by FY 2027, at which point Maryland would receive the arbitration funds.