

Department of Legislative Services
 Maryland General Assembly
 2026 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 702 (Senator Mautz)
 Finance

Behavioral Health Administration - Behavioral Health Program Relocation - Regulations

This bill requires the Behavioral Health Administration (BHA) to adopt regulations that authorize a behavioral health program to relocate to another site. The regulations must (1) provide an expedited approval process for the relocation of an existing behavioral health program, separate from the application process for a new program; (2) authorize a relocating program to use documentation previously submitted to BHA if the documentation is unchanged or not relevant to the relocation; (3) authorize temporary approval for a relocating program to begin practicing at the new site upon determination by BHA that the new location meets safety standards; (4) authorize BHA to consider the program’s regulatory record as a basis for streamlining the review and approval process for relocation; and (5) require BHA to provide clear timelines and standards for the review and approval process for relocation.

Fiscal Summary

State Effect: BHA can adopt the required regulations with existing budgeted resources. To *administer* the expedited approval process required under the regulations, Maryland Department of Health (MDH) general fund expenditures increase by \$155,300 beginning in FY 2027 for personnel. Future years reflect annualization and ongoing costs. Revenues are not affected.

(in dollars)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	155,300	181,200	189,700	198,300	207,000
Net Effect	(\$155,300)	(\$181,200)	(\$189,700)	(\$198,300)	(\$207,000)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: BHA is required to adopt regulations that include:

- requirements for licensure of a behavioral health program, including a requirement that the program (1) establish and implement a plan for the safety of patients or (2) implement a safety or emergency plan established by the program for another purpose and revise the safety plan at least every five years;
- the process for a program to apply for a license;
- a description of programs that are required to be licensed;
- requirements for the governance of a behavioral health program, including (1) a provision prohibiting a conflict of interest between the interests of a provider and patient; (2) a provision authorizing a program licensed as an outpatient mental health center to satisfy any regulatory requirement that the medical director be on site through the use of telehealth by the director; and (3) a provision authorizing a psychiatric nurse practitioner to serve as a medical director of an outpatient mental health center, including through telehealth;
- provisions for inspections of a program, including inspection and copying of the program's records in accordance with State and federal law; and
- provisions for denials, sanctions, suspensions, and revocations of licenses, including imposition of civil money penalties and hearings.

Under Maryland regulations (COMAR [10.63.06.07](#)), a community-based behavioral health program may not change its program sites by adding, closing, or moving locations without prior approval from BHA. To request a change in sites, a licensed program must submit an application modification on the required form; evidence that the program has notified BHA, program participants, and other relevant parties of the proposed modification; and copies of all permits required by local jurisdictions.

State Fiscal Effect: BHA advises that licensing staff spend a significant amount of time reviewing and approving program relocation under current law. BHA asserts that the expedited process required by the bill should entail shorter time frames for approval and, thus, require additional resources (an estimated eight additional staff for the licensing division). Under that scenario, MDH general fund expenditures increase by \$597,356 in fiscal 2027. The MDH estimate includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

The Department of Legislative Services notes that, as licensing staff already deal with program relocation review and approval, much of the workload of an expedited process could likely be absorbed by existing staff, especially since the regulations required by the bill establish that previously reviewed documentation can be reused for the relocation application. Nevertheless, to the extent that BHA must certify a new location more quickly under the regulations, some additional staff may be necessary to meet required timelines.

Accordingly, MDH general fund expenditures increase by \$155,347 in fiscal 2027, which accounts for the bill's October 1, 2026 effective date. This estimate reflects the cost of hiring two special program coordinators to handle the expedited process. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Positions	2.0
Salaries and Fringe Benefits	\$137,065
Operating Expenses	<u>18,282</u>
Total FY 2027 State Expenditures	\$155,347

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

To the extent that BHA requires even more licensing staff to implement the regulations, general fund expenditures may increase further beginning as early as fiscal 2027, at a cost of about \$75,000 annually for each additional hire.

Additional Information

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

Designated Cross File: HB 922 (Delegates Hutchinson and Adams) - Health.

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

Fiscal Note History: First Reader - February 22, 2026
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