

**Department of Legislative Services**  
 Maryland General Assembly  
 2026 Session

**FISCAL AND POLICY NOTE**  
**Third Reader - Revised**

Senate Bill 876  
 Finance

(Senator Attar)

Health

**Recovery Residences - Certification - Requirement**

This bill requires that a recovery residence, beginning June 1, 2027, be certified by a credentialing entity approved by the Maryland Department of Health (MDH) before operating in the State. The bill explicitly exempts a recovery residence from the requirement to be licensed before program services may be provided. The bill also updates reporting requirements for the credentialing entity such that it must submit an updated list of certified recovery residences to MDH as necessary. MDH must maintain a list of each credentialing entity and certified recovery residence on its website. The bill repeals the requirement that the list indicate whether the owner of a recovery residence has received a valid certificate of compliance. The bill also makes clarifying and conforming changes.

**Fiscal Summary**

**State Effect:** MDH general fund expenditures increase by \$323,000 beginning in FY 2027 for staff to handle the certification of additional recovery residences, as discussed below. Revenues are not affected.

(in dollars)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	323,000	377,800	395,500	413,500	431,500
Net Effect	(\$323,000)	(\$377,800)	(\$395,500)	(\$413,500)	(\$431,500)

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

**Local Effect:** None.

**Small Business Effect:** Potential meaningful.

## Analysis

**Current Law:** A recovery residence is a service that provides alcohol- and illicit-drug-free housing to individuals with substance-related disorders or addictive disorders (including those that co-occur with mental disorders) and does not include clinical treatment services.

While a behavioral health program must generally be licensed by the Secretary of Health to operate in the State, the Secretary may exempt recovery residences if the organization holds meetings or provides support services but does not provide any type of treatment.

MDH designated the Behavioral Health Administration as the approved credentialing entity for recovery residences. The Maryland Certification of Recovery Residences oversees the application, certification, recertification, monitoring, and inspection of recovery residences to improve the quality of services. Maryland RecoveryNet partners with service providers across the State to fund access to recovery support services for individuals seeking treatment for substance use and co-occurring disorders.

MDH must publish a list of each recovery residence operating in each county of the State on its website with indicators as to whether the owner of a recovery residence has received a valid certificate of compliance.

A certificate of compliance is valid for one year from the date of issuance. The credentialing entity may revoke the certificate of compliance if the credentialing entity finds that the recovery residence is not in compliance with requirements.

**State Expenditures:** MDH advises that, as of January 2026, there were 278 certified recovery residences in the State. As of September 2025, MDH had identified 215 sober living facilities *not* certified as recovery residences by MDH that likely would need to become certified under the bill. Therefore, MDH advises it would require 17 additional staff to conduct inspections and site visits and investigate complaints. Additionally, to the extent newly certified residences seek funding through RecoveryNet, staff would be responsible for additional administrative work related to funding. Under these assumptions, MDH general fund expenditures would increase by nearly \$1.6 million in fiscal 2027.

However, MDH also advises that it currently has three investigators and one program manager who handle the existing 278 certified recovery residences. Therefore, assuming the number of recovery residences seeking certification under the bill would approximately double, MDH would likely require four additional staff members.

Thus, MDH general fund expenditures increase by \$323,029 in fiscal 2027, which accounts for the bill's October 1, 2026 effective date. This estimate reflects the cost of hiring three investigators and one program manager to conduct site visits and inspections and

investigate complaints related to new recovery residences seeking certification. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Positions	4.0
Salaries and Fringe Benefits	\$286,466
Operating Expenses	<u>36,563</u>
<b>Total FY 2027 State Expenditures</b>	<b>\$323,029</b>

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 a significant number of newly certified recovery residences seek RecoveryNet funding, and to the extent that the number of recovery residences seeking certification grows significantly in the out-years, additional staff may be required.

**Small Business Effect:** To the extent that recovery residences are small businesses, they must be certified to operate in the State as of June 1, 2027.

**Additional Comments:** The bill takes effect October 1, 2026, and requires all recovery residences to be certified by June 1, 2027 (eight months later). This timeframe is likely not feasible for MDH to hire additional staff and certify an estimated 215 additional facilities.

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### Additional Information

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

**Designated Cross File:** None.

**Information Source(s):** Maryland Association of County Health Officers; Maryland Department of Health; Department of Legislative Services

**Fiscal Note History:** First Reader - March 5, 2026  
jg/jc Third Reader - March 31, 2026  
Revised - Amendment(s) - March 31, 2026  
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