



MEMORANDUM

DATE: February 19, 2026

TO: Maryland Health Care Commission

FROM: Dr. Douglas Jacobs, MD, MPH, Executive Director, Maryland Health Care Commission

RE: Psychiatric Bed Utilization Projections and Needs Determination for Historically Underserved Populations

Issue Summary: The State Health Plan requires Certificate of Need applicants for psychiatric beds to provide a detailed explanation of why their proposed project is needed, a service-area level needs assessment, and projected need presented in relation to two distinct analyses that MHCC must provide: regional utilization projections, and the needs determination for historically underserved populations. While regional utilization projections are based on a methodology written into the State Health Plan chapter, need for historically underserved populations is not regulatorily proscribed. MHCC staff has analyzed available data to develop a needs determination for historically underserved populations, presented for approval by the Commission. This needs determination will guide which historically underserved populations a Certificate of Need applicant must address specifically within their application.

MHCC Staff recommends approving the proposed need determination for historically underserved populations.

Background: When a healthcare facility that the Maryland Health Care Commission regulates seeks to add or expand bed capacity it must demonstrate that those services are needed. However, the Commission determines need for services differently depending on the type of facility. For example, the number of beds for nursing homes is strictly capped in each jurisdiction. For home health agencies, however, the Commission determines need based on factors such as market concentration and consumer choice. For acute psychiatric beds, the State Health Plan chapter articulates several elements and criteria that should be considered in Certificate of Need applications. Two elements that applicants must address in their application are their projected need in relation to current utilization projections, and in relation to the needs determinations for historically underserved populations.

Regional Utilization Projections

The State Health Plan was revised in 2021 from strictly capping the number of acute psychiatric beds in a region to a more flexible standard. The Plan now requires the Commission to publish utilization projections, assessing the expected surplus or shortage of acute psychiatric beds based on trends in utilization and expected population growth.

Of note, utilization trends do not account for those in need of acute psychiatric services who are unable to access beds – they reflect only the past and historic use of beds which are staffed and available for use. For this reason, the State Health Plan requires an applicant to develop its own need analysis, which would include a response to these projections as well as other considerations, to further inform consideration of an application.

There is a strict methodology outlined in the State Health Plan for making these projections. Staff's calculations indicate that if utilization trends continue, there will be a significant shortage of psychiatric beds in Southern Maryland for all age groups and across the State for geriatric populations. However, there may still be a need for additional bed capacity in regions projecting a surplus.

Need Determinations for Historically Underserved Populations

The State Health Plan also recognizes that certain populations have unique challenges in accessing acute psychiatric care and requires new psychiatric projects to serve populations that are underserved by the current treatment system. To this end, the Commission must approve a needs determination for historically underserved populations, which is the second part of this agenda item.

The State Health Plan defines historically underserved populations as children; adolescents; patients with mental disorders and one or more developmental disabilities; and patients with mental disorders and a secondary diagnosis of substance use disorder. If the Commission determines that there is a regional need for beds for any of these populations, an applicant for a Certificate of Need must demonstrate how it will serve one or more of these populations with its project. In determining whether there is specific need for a historically underserved population, the Commission must factor in trends in utilization, trends in emergency department boarding, and needs assessments developed by State and local behavioral health agencies.

In June 2025, MHCC staff published the draft needs determinations for historically underserved populations for public comment. The June 2025 determinations were based almost exclusively on emergency department boarding data and only indicated a need for additional beds in the Baltimore Upper Shore region for adults with a secondary diagnosis of SUD and adolescents. Based on the available data, Staff did not identify the need for additional beds in any of the other underserved populations, in any region of the State. However, MHCC staff identified that for several populations available quantitative clinical data is incomplete or does

not include sufficient granularity to assess each population's needs. MHCC sought qualitative input to fill these gaps, through external partner engagement including other state agencies, health care professionals, patient representatives, and subject matter experts. Stakeholders have universally emphasized that there is a need for additional inpatient beds across the State for children, adolescents, and patients dually diagnosed with a developmental disability. In addition, ED boarding data indicates that there is a need for additional bed capacity for adults with a secondary diagnosis of substance use disorder in the Baltimore Upper Shore, Montgomery, and Southern Maryland regions.

Based on this input MHCC Staff recommends that the Commission determine that there is need for the historically underserved populations across nearly all populations and health planning regions. In every instance in which a need is identified for a specific population in a specific health planning region, a Certificate of Need applicant must demonstrate how their proposed project will seek to meet the needs of each population unless doing so would jeopardize the facility's financial viability or ability to meet the needs of the broader population or if the Commission finds the applicant is unable to effectively meet the needs of any of the historically underserved populations.

Recommendation: MHCC Staff recommends approving the needs determination for use in supporting MHCC's informed evaluation of Certificate of Need applications.

Estimated Impact of Policy: The utilization projections and needs determination are requisite tools in an informed assessment of Certificate of Need applications and will enhance and improve MHCC's analysis of these applications. This will have a positive impact on the quality and integrity of the review process. Projections and determinations are not a barrier to new projects, nor will they result in any adverse impact on Certificate of Need applications. These are not exclusive decision-making criteria, but rather an additional element to consider in application review. As such, no negative impact is anticipated on Certificate of Need applicants.

Attachments/Additional Information: Attached is a PowerPoint presentation with further detail on the utilization projections and needs determinations for historically underserved populations.