STATE OF MARYLAND
DHMH
Maryland Department of Health and Mental Hygiene
Office of Health Care Quality
Spring Grove Center • Bland Bryant Building
55 Wade Avenue • Catonsville, Maryland 21228-4663
Martin O'Malley, Governor – Anthony G. Brown, Lt. Governor – John M. Colmers, Secretary

TRANSMITTAL

TO: All Community Mental Health Programs

FROM: Nancy Grimm, Director
Office of Health Care Quality NBG

DATE: December 3, 2010

SUBJECT: Eligibility to Receive State Funds/Governing Body Requirements of State Law

Periodically, it is everyone's best interest to review the foundation for funding eligibility. For those who participate as a provider in the community mental health system it is imperative that your business governance structure be reviewed for compliance with the provisions of Health General Article 10-901 and the Code of Maryland Regulations, 10.21.17.05. Non-compliance with the provisions of these laws may result in an inability to continue payment for services, retraction of monies already paid and/or imposition of penalties.

The law is applicable to non-profit organizations and private community based organizations who seek reimbursement for services through the public mental health system. The governance provisions focus on the role employee family members may take within the governance structure of the business and limit their role to that of a non-voting member. The law also prevents those who have served on the board of an organization whose license was revoked by the Department from serving as a governing body member of an organization for a period of ten years.

A copy of the state law is enclosed for your reference. Should you have questions regarding your particular governance structure please seek advice from your counsel. You may also make inquiry to Mr. William Dorrill in the Office of Health Care Quality at 410-402-8047.

Your cooperation is appreciated.

Encl: HG010-901