



STATE OF MARYLAND

DHMH

Office of Health Services
Medical Care Programs

PT 20-09

Maryland Department of Health and Mental Hygiene
201 W. Preston Street • Baltimore, Maryland 21201

Martin O'Malley, Governor – Anthony G. Brown, Lt. Governor – John M. Colmers, Secretary

MARYLAND MEDICAL ASSISTANCE PROGRAM

Nursing Home Transmittal No. 215

November 25, 2008

TO: Nursing Home Administrators
FROM: Susan J. Tucker, Executive Director
Office of Health Services

NOTE: Please ensure that appropriate staff members in your organization are informed of the contents of this transmittal

RE: **Revised Fiscal Year 2009 Interim Rates, Effective November 1, 2008**

Enclosed are revised Fiscal Year 2009 interim rates for your facility which will become effective with payments for services provided on November 1, 2008. Please check the provider number at the top of the enclosed rate letter to ensure that you have received the correct data. A copy of these rates should be furnished to your accountant or bookkeeper for setting up your accounts

The rates are based on COMAR 10.09.10 Nursing Facility Services, in accordance with amendments proposed to become effective November 1, 2008 in order to comply with the Department's revised appropriation for nursing facility services for Fiscal Year 2009. These changes include: an increase in the occupancy standard from statewide average occupancy plus 1.5 percent to statewide average occupancy plus 2 percent; a decrease in the Capital cost center rental rate from 8.07 percent to 7.57 percent; a decrease in the Administrative/Routine cost center ceilings from 113 percent to 112 percent of the median costs; a decrease in the Administrative/Routine cost center efficiency payment from 45 percent to 40 percent of the difference between the ceiling and a provider's lower cost; and a decrease in the Other Patient Care cost center ceilings from 119 percent to 118 percent of the median costs. In addition, reimbursement in the Administrative/Routine, Other Patient Care and Capital cost centers is further reduced by 4.816 percent.

This transmittal supplements information on Fiscal Year 2009 rates included in Nursing Home Transmittal No. 214 and only includes narrative on those parameters that have changed effective November 2008.



I. Providers Electing Statewide Average Payment

For those providers with less than 1,000 days of care to Maryland Medicaid recipients that elected not to submit a cost report and accept as payment the statewide average Medicaid nursing home payment for each day of care (COMAR 10.09.10.13N), the payment rate is \$217.02 effective November 1, 2008 through June 30, 2009.

II. Occupancy Standard

Proposed regulations define the applicable fiscal year occupancy standard as the statewide average occupancy, based on providers' cost report data, plus 2 percent. An analysis of providers' Fiscal Year 2007 cost report data, adjusted to omit providers with occupancy waivers during their 2007 fiscal year, indicates a statewide occupancy level of 90.2 percent. Therefore, the occupancy standard that will be applied to the Administrative and Routine, Other Patient Care, and Capital cost centers during the period November 1, 2008 through June 30, 2009 is 92.2 percent.

III. Nursing Service Cost Center

Providers with costs less than Nursing rates are allowed profit in the amount of 60 percent of the difference between their costs and the rate. Effective November 1, 2008, profit may not exceed 3 percent of the provider's maximum allowable reimbursement based upon standard per diem rates.

IV. Administrative and Routine Cost Center

Effective November 1, 2008, Fiscal Year 2009 ceilings are set at 112 percent of the median per diem cost. The ceilings as calculated are shown below. Payment in this cost center is reduced by 4.816 percent, therefore, providers at or above the ceiling will receive the maximum payment as noted (i.e., the ceiling less 4.816 percent).

The ceilings remain applicable for the calculation of rates for providers with costs below the ceiling. After the rate is calculated as in the past, with an added efficiency payment, the total amount is subjected to the 4.816 percent reduction.

REGION	FISCAL YEAR 2009 CEILING NOV- JUNE	FISCAL YEAR 2009 MAXIMUM PAYMENT NOV- JUNE	FISCAL YEAR 2009 CEILING JULY – OCT.	PERCENT CHANGE IN CEILING	PERCENT CHANGE IN MAXIMUM PAYMENT
BALTIMORE	\$80.34	\$76.47	\$81.22	-1.1%	-4.6%
WASHINGTON	86.70	82.52	87.47	-.9%	-4.4%
NON-METRO	73.51	69.97	74.57	-1.4%	-4.9%

The revised ceilings reflect the reduction in the ceiling from 113 percent to 112 percent of the median as well as the increase in the occupancy standard. The efficiency allowance in this cost

center is reduced from 45 to 40 percent of the difference between the provider's cost and the ceiling, with a maximum efficiency payment of 10 percent of the ceiling.

V. Other Patient Care Cost Center

Effective November 1, 2008, ceilings are set at 118 percent of the median per diem cost. The ceilings as calculated are shown below. Due to the fact that payment in this cost center is also reduced by 4.816 percent, providers at or above the ceiling will receive the maximum payment as noted (i.e., the ceiling less 4.816 percent).

The ceiling remains applicable for the calculation of rates for providers with costs below the ceiling. After the rate is calculated as in the past, with an added efficiency payment, the total amount is subject to the 4.816 percent reduction.

REGION	FISCAL YEAR 2009 CEILING NOV-JUNE	FISCAL YEAR 2009 MAXIMUM PAYMENT NOV-JUNE	FISCAL YEAR 2009 CEILING JULY- OCT	PERCENT CHANGE IN CEILING	PERCENT CHANGE IN MAXIMUM PAYMENT
BALTIMORE	\$16.69	\$15.89	\$16.83	-.8%	-4.3%
WASHINGTON	16.79	15.98	16.93	-.8%	-4.4%
NON-METRO	16.01	15.24	16.23	-1.4%	-4.9%

These ceilings reflect the reduction in the ceiling from 119 percent to 118 percent as well as the increase in the occupancy standard. The efficiency allowance in this cost center remains at 25 percent of the difference between the provider's cost and the ceiling, with a maximum efficiency payment of 5 percent of the ceiling.

VI. Capital Cost Center

Effective November 1, 2008, the Capital Rental rate is 7.57 percent.

The capital cost center includes the usual reimbursement for fixed costs and net capital value rental as well as \$.14 per day on an interim basis for the purchase of power wheelchairs. Final reimbursement will be based upon preauthorized costs incurred for the purchase of power wheelchairs. Also included in this cost center is the reimbursable portion of the quality assessment.

Please note the addition of revenue codes 0946 and 0291 for Bariatric Beds—A and Bariatric Beds—B respectively to the enclosed rate letter for your facility. Bariatric Beds—A are for patients weighing 350-600 lbs. Bariatric Beds—B are for patients weighing more than 600 lbs.

The entire capital payment is also subject to the 4.816 percent reduction.

Any questions regarding this transmittal or the rates on the enclosed listings should be directed to the Nursing Home Section of the Division of Long Term Care Services at (410) 767-1736.

SJT/seh

Enclosures

cc: Nursing Home Liaison Committee