



STATE OF MARYLAND

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Maryland Department of Health and Mental Hygiene

201 W. Preston Street • Baltimore, Maryland 21201

Martin O'Malley, Governor – Anthony G. Brown, Lt. Governor – Joshua M. Sharfstein, M.D., Secretary

**MARYLAND MEDICAL ASSISTANCE PROGRAM**

June 20, 2013

To: Nursing Home Administrators  
Nursing Home MDS Coordinators

From: Mark A. Leeds, Director  
Long Term Care and Community Support Services

Note: Please ensure that appropriate staff members in your organization are informed of the contents of this memorandum.

Re: Medicaid Resident Rosters and Resource Utilization Groups (RUGs) for potential new payment methodology

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The Department of Health and Mental Hygiene (the Department) is continuing its work to modernize its payment methodology for nursing facilities. With the assistance of Health Facilities Association of Maryland (HFAM), The LifeSpan Network and other stakeholders, the Department is piloting a new acuity system based on resource utilization groups (RUGs). Accurate Minimum Data Set (MDS) 3.0 data are essential to making this new structure work and will ensure that each facility's nursing cost center rate will more appropriately match its costs.

At this time we are asking facilities to complete an additional resident roster review for the four rosters covering the time period of April 2012 through March 2013. This process is identical to the one completed in November/December 2012. Since the prior review and correction process aided in more accurate newer rosters, we do not predict this current review process to be as labor intensive.

Please note that *no changes* to the nursing cost center reimbursement have been implemented at this time.

Background

In November 2011, the Department requested that all facilities begin assigning a Medicaid RUG to their Minimum Data Set (MDS) 3.0 submissions. Subsequently, the Department began assigning RUG IV, index maximizing, 48 and 66 groupers using the current CMS STRIVE time study. These data have been aggregated by the Department's contractor, Myers and

Stauffer LC, and reviewed by HFAM, LifeSpan and other stakeholders as part of broader reimbursement reform.

A major finding during the analysis was that incorrect or incomplete MDS data influenced facility-specific average case mix indexes (CMIs), such as a missing or inaccurate Medicaid number in the A0700 field. These findings were the reason for the prior review and correction request. The revised resident roster data were then used to further refine the payment methodology.

#### MDS Data Correction Process

Resident rosters will be mailed, *via* United States Postal Service, to each facility on June 20th and 21st. The intent is for facilities to submit any missing MDS records or complete modifications of previously submitted records for the four resident roster periods. Myers and Stauffer LC has developed a webinar and manual that can be viewed at any time. While the webinar was specific to the prior review process, the correction steps are still applicable. The webinar recording, manual, and slides are located at <http://md.mslc.com/Seminars.aspx>.

The due date for submitting modifications is July 22, 2013.

If there are any questions during the resident roster review and MDS submission process, please contact Myers and Stauffer at 800-763-2278.

#### Next Steps

Once the revised MDS data have been collected and a full analysis has been completed, the Department, along with HFAM and LifeSpan, will finalize a proposed payment methodology. Each facility will receive a memo that will show their proposed rate under the new payment structure compared to their current rate. Fiscal Year 2014 rates will be paid based on the current methodology. RUGs-based rates will be calculated and shared with providers for information only. Transition to RUGs-based rates in the future will be based on an analysis of the impact on providers, and it will be the Department's goal is to mitigate any financial hardship during this transition.

If your facility does not receive its resident roster by June 28, 2013, or you have comments regarding this memorandum please contact Eric Saber by e-mail at [eric.saber@maryland.gov](mailto:eric.saber@maryland.gov), or by phone at 410-767-1458.

cc: Nursing Home Liaison Committee  
Rate Reform Work Group