



DEPARTMENT OF HEALTH

Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor · Dennis R. Schrader, Secretary

January 21, 2022

The Honorable Bill Ferguson
President of the Senate
H-107 State House
Annapolis, MD 21401-1991

The Honorable Adrienne A. Jones
Speaker of the House
H-101 State House
Annapolis, MD 21401-1991

**Re: Health-General Article § 19-310.1(f), Annotated Code of Maryland –
Implementation of Nursing Home Quality Assessment FY 2020 Annual Report**

Dear President Ferguson and Speaker Jones:

The Maryland Department of Health (MDH) respectfully submits this annual report, as required by Health-General Article § 19-310.1(f), Annotated Code of Maryland, on the implementation of a quality assessment on specified Maryland nursing facilities. This quality assessment is applied to all non-Medicare days of care provided by the Maryland nursing home facility in the previous quarter of the State Fiscal Year (FY) (with the exception of facilities with fewer than 45 beds, and those operated by continuing care retirement communities (CCRCs)).

This report updates the General Assembly on the implementation of the quality assessment during FY 2020. For the FY 2020 assessment, MDH established two per-diem payment rates for nursing facilities subject to the assessment on non-Medicare days of care. These rates were \$26.14 for most nursing facilities, and, for the five facilities providing the highest number of Medicaid days of care in the previous year, \$7.24 per non-Medicare day of care.

Required Reporting Items

Health-General Article §19-310.1(f) requires MDH to report annually on its implementation of the quality assessment, as well as provide the following information:

- (1) The percentage and amount of the assessment charged to each nursing facility subject to [the assessment];
- (2) The number of nursing facilities subject to [the assessment] with a net loss; and
- (3) A comparison of the total amount provided in the Medicaid budget for nursing home reimbursement in the current fiscal year to the amount proposed for the upcoming fiscal year.

In response to the first reporting item, the percentage and amount that each nursing facility will pay is projected in the statistical model submitted to CMS each year by dividing the amount of

revenue to be collected via the quality assessment — in FY 2020, \$158,263,543 — by multiplying the per diem assessment rate, either \$26.14 or \$7.24, by that facility's non-Medicare days of care projected for FY 2020, from a statewide total of 7,250,472 days projected for FY 2020.

Pinpointing the exact amount of revenue earned by each nursing facility — since the quality assessment program generates funds that both repay each provider in part for the amount of assessment paid for each Medicaid day of care, and augment the overall Medicaid reimbursement rate — is complicated by the complexities of the methodology with which MDH sets nursing facility rates. The variation between facilities along the four cost centers — nursing, other patient care, administrative and routine, and capital costs — make head-to-head benefit versus cost comparisons approximate at best. The factors that contribute to a net loss with regard to the payment of the quality assessment are a relatively low number of Medicaid days of care, and relatively high numbers of private pay days, for which these facilities will pay the per diem but receive neither a refunded per diem nor an enhanced Medicaid rate. The facility with the highest net loss resulting from the payment of the quality assessment is the only privately-owned, non-CCRC nursing facility that does not participate at all in the Medicaid Program.

The following chart shows the 19 nursing facilities that the statistical model developed for the FY 2020 quality assessment projected would pay more for their non-Medicare days of care than they would benefit by being reimbursed for the assessment paid for Medicaid days and also by receiving the higher Medicaid rates partially financed by the assessment.

Nursing Facilities with Projected Net Loss from Payment of FY2020 Quality Assessment

Name	Quality Assessment Paid in FY2020	Repayment of QA for Medicaid Days of Care	Addition to Medicaid Daily Rate from QA Payment	Total Benefit of QA (repay MA per diem + rate subsidy)	Net Fiscal Impact from Payment of QA
Carriage Hill Bethesda	\$ 673,758.50	\$ -	\$ -	\$ -	\$ (673,758.50)
Charlotte Hall Veterans Home	\$ 2,559,550.38	\$ 1,262,731.68	\$ 831,345.69	\$ 2,094,077.37	\$ (465,473.01)
Kensington Nursing and Rehabilitation Cent	\$ 1,207,223.62	\$ 501,297.72	\$ 370,851.02	\$ 872,148.74	\$ (335,074.88)
Rockville Nursing Home_ Inc.	\$ 620,615.88	\$ 175,411.62	\$ 134,786.76	\$ 310,198.38	\$ (310,417.50)
Cadia Healthcare - Hyattsville	\$ 1,950,697.50	\$ 942,903.57	\$ 770,188.83	\$ 1,713,092.40	\$ (237,605.10)
Powerback Rehabilitation Brightwood Camp	\$ 213,380.82	\$ 12,417.02	\$ 30,982.75	\$ 43,399.77	\$ (169,981.05)
Clinton Nursing and Rehabilitation Center	\$ 2,240,616.24	\$ 1,192,862.00	\$ 892,899.51	\$ 2,085,761.51	\$ (154,854.73)
Western Maryland Center - SNF	\$ 469,395.98	\$ 333,258.86	\$ -	\$ 333,258.86	\$ (136,137.12)
St Joseph's Ministries_ Inc.	\$ 796,982.46	\$ 383,277.94	\$ 311,860.52	\$ 695,138.46	\$ (101,844.00)
Oakview Rehabilitation and Nursing Center	\$ 1,021,446.64	\$ 544,019.28	\$ 378,473.32	\$ 922,492.60	\$ (98,954.04)
Potomac Valley Nursing and Wellness Cente	\$ 1,289,695.32	\$ 709,972.56	\$ 497,371.21	\$ 1,207,343.77	\$ (82,351.55)
Crofton Convalescent and Rehabilitation Ce	\$ 986,863.42	\$ 461,917.32	\$ 443,399.28	\$ 905,316.60	\$ (81,546.82)
Hillhaven Assisted Living_ Nursing & Rehab.	\$ 434,342.24	\$ 187,539.31	\$ 165,914.47	\$ 353,453.78	\$ (80,888.46)
Manor Care of Potomac MD_ LLC	\$ 960,645.00	\$ 467,385.75	\$ 435,029.86	\$ 902,415.61	\$ (58,229.39)
Deer's Head Center - SNF	\$ 385,225.18	\$ 342,486.28	\$ -	\$ 342,486.28	\$ (42,738.90)
Lorien Nursing and Rehabilitation Center - B	\$ 347,635.86	\$ 142,871.13	\$ 170,953.17	\$ 313,824.30	\$ (33,811.56)
FutureCare - Capital Region	\$ 189,880.96	\$ 35,334.06	\$ 121,149.11	\$ 156,483.17	\$ (33,397.79)
Restore Health Rehabilitation Center	\$ 242,971.30	\$ 75,335.90	\$ 139,335.68	\$ 214,671.58	\$ (28,299.72)
Waugh Chapel Center	\$ 547,397.74	\$ 236,817.00	\$ 301,310.23	\$ 538,127.23	\$ (9,270.51)

This means that the large majority of nursing facilities subject to the assessment — a total of 209 during FY 2020 — derived at least some level of benefit from the assessment, and those with high percentages of Medicaid recipients benefited most.

The statute also requires a comparison of the Medicaid budget for nursing facility reimbursement for the previous and the current fiscal years, shown below.

FY 2020 reimbursement	\$1,248,216,108
FY 2021 (appropriation)	\$1,272,111,402

If you have any questions about this report, or would like additional information, please contact Heather Shek, Director, Office of Governmental Affairs at heather.shek@maryland.gov.

Sincerely,



Dennis R. Schrader
Secretary

cc: Steven R. Schuh, Deputy Secretary, Health Care Financing and Medicaid
Tricia Roddy, Deputy Medicaid Director
Heather Shek, Director, Office of Governmental Affairs
Marlana R. Hutchinson, Director, Office of Long Term Services & Supports
Sarah T. Albert, Department of Legislative Services, MSAR # 10382 (5 copies)