



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

November 2, 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 of Delegates  
H-101 State House  
Annapolis, MD 21401-1991

**Re: SB 101 (Ch. 503 of the Acts of 2007), as amended by HB 67 (Ch. 58 of the Acts of 2015) and Health – General Article §19-310.1 (f), Annotated Code of Maryland – Implementation of Nursing Home Quality Assessment FY2022 Annual Report**

Dear President Ferguson and Speaker Jones:

The Maryland Department of Health (MDH) respectfully submits the report required by SB 101, enacted during the 2007 regular session of the General Assembly, that required MDH to report by March 1, 2008, and annually thereafter on the implementation of a quality assessment on specified Maryland nursing facilities. SB 101 established in law this quality assessment on Maryland nursing facilities (with the exception of facilities with fewer than 45 beds and those operated by continuing care retirement communities, or CCRCs), to be applied to all non-Medicare days of care provided by the facility in the previous quarter of the State fiscal year.

HB 67, enacted during the 2015 session of the General Assembly, changed the date of the required annual report to September 1 of each year, in recognition that the March 1 date fell before the current fiscal year's final expenditures were known and before the budget allocation for the next fiscal year's allocation was finalized by the General Assembly.

This report will update the General Assembly on the implementation of the quality assessment during FY 2022 and will provide the specific information required in Health-General Article §19-310.1(f). For the FY 2022 assessment, MDH established two per-diem payment rates for nursing facilities subject to the assessment on non-Medicare days of care. These rates were \$29.20 per non-Medicare day of care 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.

### **Information Specified by SB 101 Reporting Requirement**

SB 101 (as amended in 2015) required that MDH report by March 1, 2008 (now September 1) and annually thereafter on its implementation of the quality assessment. The relevant section of the new statute specified that this report include 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 section, 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 by way of the quality assessment, which is \$163,080,362 in FY 2022. The quality assessment is calculated by multiplying the per diem assessment rate, either \$29.20 or \$7.24, by that facility's non-Medicare days of care projected for FY 2022. The projected statewide total of non-Medicare days of care for FY 2022 is 7,167,179 days.

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 augments 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 a relatively high number 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 following chart shows the 21 nursing facilities that the statistical model developed for the FY 2022 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 FY 2022 Quality Assessment

Name	Quality Assessments Paid in FY 2022	Repayment of QA for Medicaid Days of Care	Addition to Medicaid Daily Rate from QA	Total Benefit of QA (repay MA per diem + rate)	Net Fiscal Impact of Payment of QA
Carriage Hill Bethesda	\$ 683,864.00	\$ -	\$ -	\$ -	\$ (683,864.00)
Kensington Nursing and Rehabilitation Center	\$ 1,299,954.80	\$ 481,478.10	\$ 358,323.78317	\$ 839,801.88	\$ (460,152.92)
Charlotte Hall Veterans Home	\$ 2,597,544.40	\$ 1,319,827.10	\$ 852,445.15312	\$ 2,172,272.25	\$ (425,272.15)
Clinton Nursing and Rehabilitation Center	\$ 2,375,770.40	\$ 1,212,460.62	\$ 877,565.18553	\$ 2,090,025.81	\$ (285,744.59)
Hyattsville Nursing and Rehabilitation Center_ LLC	\$ 1,124,842.40	\$ 492,360.60	\$ 401,733.38980	\$ 894,093.99	\$ (230,748.41)
Adelphi Nursing and Rehabilitation Center_ LLC	\$ 1,012,918.80	\$ 434,265.30	\$ 375,970.07674	\$ 810,235.38	\$ (202,683.42)
Rockville Nursing Home_ Inc.	\$ 450,906.40	\$ 149,375.10	\$ 110,705.08873	\$ 260,080.19	\$ (190,826.21)
Cadia Healthcare - Hyattsville	\$ 2,108,269.20	\$ 1,073,075.49	\$ 857,786.38472	\$ 1,930,861.87	\$ (177,407.33)
St. Joseph's Ministries_ Inc.	\$ 885,344.00	\$ 402,474.65	\$ 311,085.51871	\$ 713,560.17	\$ (171,783.83)
Collingswood Rehabilitation and Healthcare Center	\$ 949,087.60	\$ 396,267.62	\$ 419,286.71692	\$ 815,554.34	\$ (133,533.26)
Powerback Rehabilitation Brightwood Campus Center	\$ 251,558.00	\$ 39,193.50	\$ 88,178.84308	\$ 127,372.34	\$ (124,185.66)
Autumn Lake Healthcare at Oakview	\$ 944,386.40	\$ 455,211.84	\$ 388,316.53557	\$ 843,528.38	\$ (100,858.02)
Western Maryland Center - SNF	\$ 441,095.20	\$ 353,466.00	\$ -	\$ 353,466.00	\$ (87,629.20)
Hillhaven Assisted Living_ Nursing & Rehab. Center	\$ 301,665.20	\$ 102,079.02	\$ 112,183.16189	\$ 214,262.18	\$ (87,403.02)
The Village at Rockville	\$ 1,019,868.40	\$ 496,211.40	\$ 475,568.61381	\$ 971,780.01	\$ (48,088.39)
Deer's Head Center - SNF	\$ 442,526.00	\$ 399,193.20	\$ -	\$ 399,193.20	\$ (43,332.80)
Manor Care of Potomac MD_ LLC	\$ 1,165,021.60	\$ 603,898.12	\$ 520,789.15661	\$ 1,124,687.28	\$ (40,334.32)
Althea Woodland Nursing Home	\$ 389,440.40	\$ 198,500.80	\$ 158,140.83347	\$ 356,641.63	\$ (32,798.77)
Crofton Convalescent and Rehabilitation Center	\$ 977,616.00	\$ 463,250.79	\$ 490,827.78769	\$ 954,078.58	\$ (23,537.42)
Waugh Chapel Center	\$ 474,324.80	\$ 180,901.60	\$ 272,346.59004	\$ 453,248.19	\$ (21,076.61)
FutureCare - Capital Region	\$ 553,398.40	\$ 200,323.55	\$ 335,308.55609	\$ 535,632.11	\$ (17,766.29)

This means that the large majority of nursing facilities subject to the assessment – a total of 214 during FY 2022 – derived at least some level of benefit from the assessment, and those with high percentages of Medicaid recipients benefited most.

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

FY 2022 reimbursement	\$1,200,318,927.00
FY 2023 (appropriation)	\$1,397,499,125.00

If you have any questions about this report, or would like additional information, please contact Megan Peters, Acting Director, Office of Governmental Affairs at [megan.peters@maryland.gov](mailto:megan.peters@maryland.gov).

Sincerely,

A handwritten signature in black ink, reading "Dennis R. Schrader". The signature is fluid and cursive, with the first name "Dennis" being the most prominent.

Dennis R. Schrader  
Secretary

cc: Steven Schuh, Deputy Secretary, Health Care Financing and Medicaid  
Tricia Roddy, Deputy Medicaid Director  
Megan Peters Acting Director, Office of Governmental Affairs  
Marlana Hutchinson, Director, Office of Long-Term Services and Supports  
Sarah Albert, Department of Legislative Services, MSAR #10382 (5 copies)