



DEPARTMENT OF HEALTH

Wes Moore, Governor · Aruna Miller, Lt. Governor · Laura Herrera Scott, M.D., M.P.H., Secretary

August 26, 2024

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: Health General Article § 19-310.1(f) - FY 2023 Nursing Home Health Quality Assessment Implementation Annual Report (MSAR #10382)

Dear President Ferguson and Speaker Jones:

The Maryland Department of Health (the Department) respectfully submits the report required by Health General Article § 19-310.1(f) and SB 101, enacted during the 2007 regular session of the General Assembly, which requires the Department to report by March 1, 2008 and annually thereafter on the implementation of a quality assessment on specified Maryland nursing facilities. SB 101 of 2007 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 (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 2023, and provide the specific information required in Health-General Article §19-310.1(f). For the FY 2023 assessment, the Department established two per-diem payment rates for nursing facilities subject to the assessment on non-Medicare days of care. These rates were \$31.01 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, \$6.03 per non-Medicare day of care.

Information Specified by SB 101 Reporting Requirement

SB 101 (as amended in 2015) required that the Department report by March 1, 2008 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 \$163,919,091 in FY 2023. The quality assessment is calculated by multiplying the per diem assessment rate, either \$31.01 or \$6.03, by that facility's non-Medicare days of care projected for FY 2023. The projected statewide total of non-Medicare days of care for FY 2023 is 6,223,651 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 the Department 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 following chart shows the 17 nursing facilities that the FY 2023 quality assessment statistical model 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 2023 Quality Assessment

Name	Quality Assessments Paid in FY 2023	Repayment of QA for Medicaid Days of Care	Addition to Medicaid Daily Rate from QA	Total Benefits of QA (repay MA per diem + rate)	Net Fiscal Impact of Payment of QA
Carriage Hill Bethesda	\$ 687,150.59	\$ -	\$ -	\$ -	\$ (687,150.59)
Clinton Nursing and Rehabilitation Center	\$ 2,289,189.21	\$ 1,054,845.66	\$ 824,634.12	\$ 1,879,479.78	\$ (409,709.43)
Kensington Nursing and Rehabilitation Center	\$ 1,327,352.04	\$ 519,706.60	\$ 455,001.28	\$ 974,707.88	\$ (352,644.16)
ProMedica Total Rehab + (Brightwood)	\$ 471,010.89	\$ 43,477.80	\$ 80,488.54	\$ 123,966.34	\$ (347,044.55)
Charlotte Hall Veterans Home	\$ 2,301,717.25	\$ 1,142,443.35	\$ 875,918.19	\$ 2,018,361.54	\$ (283,355.71)
Sterling Care Rockville Nursing	\$ 512,719.34	\$ 158,664.80	\$ 199,088.39	\$ 357,753.19	\$ (154,966.15)
Cadia Healthcare - Hyattsville	\$ 2,319,827.09	\$ 1,115,962.44	\$ 1,052,206.01	\$ 2,168,168.45	\$ (151,658.64)
Hyattsville Nursing and Rehabilitation Center, LLC	\$ 1,425,994.85	\$ 668,703.25	\$ 635,464.85	\$ 1,304,168.10	\$ (121,826.75)
Fox Chase Rehabilitation and Nursing Center	\$ 521,960.32	\$ 217,883.52	\$ 193,864.81	\$ 411,748.33	\$ (110,211.99)
Adelphi Nursing and Rehabilitation Center, LLC	\$ 1,373,743.00	\$ 677,544.35	\$ 611,137.90	\$ 1,288,682.25	\$ (85,060.75)
Western Maryland Center - SNF	\$ 471,072.91	\$ 399,346.78	\$ -	\$ 399,346.78	\$ (71,726.13)
Deer's Head Center - SNF	\$ 463,568.49	\$ 415,565.01	\$ -	\$ 415,565.01	\$ (48,003.48)
Autumn Lake Healthcare at Waugh Chapel	\$ 512,595.30	\$ 151,565.20	\$ 315,062.48	\$ 466,627.68	\$ (45,967.62)
Hillhaven Assisted Living, Nursing & Rehab. Center	\$ 354,227.23	\$ 133,877.25	\$ 189,259.76	\$ 323,137.01	\$ (31,090.22)
Collingswood Rehabilitation and Healthcare Center	\$ 1,013,592.86	\$ 440,828.64	\$ 545,367.07	\$ 986,195.71	\$ (27,397.15)
Manor Care of Potomac MD, LLC	\$ 1,030,617.35	\$ 477,191.46	\$ 535,113.46	\$ 1,012,304.92	\$ (18,312.43)
Peak Healthcare at Copper Ridge	\$ 448,063.49	\$ 189,450.54	\$ 243,153.92	\$ 432,604.46	\$ (15,459.03)

This means that the large majority of nursing facilities subject to the assessment — a total of 208 during FY 2023 — received at least some level of benefit from the assessment, and those with high percentages of Medicaid participants 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 2023 reimbursement	\$1,292,327,826.00
FY 2024 appropriation	\$1,439,193,607.00

If you have any questions about this report, or would like additional information, please contact Sarah Case-Herron, Director of Governmental Affairs, at sarah.case-herron@maryland.gov.

Sincerely,



Laura Herrera Scott, MD, MPH
Secretary