**PROPOSAL**

**Maryland Register**

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**Title 10
MARYLAND DEPARTMENT OF HEALTH**

**Subtitle 09 MEDICAL CARE PROGRAMS**

**10.09.10 Nursing Facility Services**

Authority: Health-General Article, §§2-104(b), 15-103, 15-105, 19-14B-01, and 19-310.1, Annotated Code of Maryland

**Notice of Proposed Action**

[19-212-P]

The Secretary of Health proposes to amend Regulations **.07**, **.08**, and **.30** under **COMAR 10.09.10 Nursing Facility Services**.

**Statement of Purpose**

The purpose of this action is to implement a 3 percent rate increase for nursing facility services in accordance with the State’s budget for Fiscal Year 2020. In addition, the geographic regions used to calculate nursing service rates will be revised and the Interim Working Capital Fund will be extended for 1 year.

**Comparison to Federal Standards**

There is no corresponding federal standard to this proposed action.

**Estimate of Economic Impact**

**I. Summary of Economic Impact.**The proposed amendments will implement a 3 percent rate increase for Fiscal Year 2020. This will be achieved by adjusting reimbursement provisions in order to limit the net increase to 3 percent. In addition, working capital advances will result in loss of potential interest income to the State. Revision of geographic regions for nursing services will have no net economic impact.

|  |  |  |
| --- | --- | --- |
|   | Revenue (R+/R-) |   |
| **II. Types of Economic Impact.** | Expenditure(E+/E-) | Magnitude |
|   |  |
|  |  |  |
| A. On issuing agency: |   |   |
| (1) | (E-) | $47,505,981 |
| (2) | (R-) | $215,130 |
| B. On other State agencies: | NONE |  |
| C. On local governments: | NONE |  |
|   |
|   | Benefit (+)Cost (-) | Magnitude |
|   |  |
|  |  |  |
| D. On regulated industries or trade groups: |
| (1) Nursing home providers | (-) | $47,505,981 |
| (2) Nursing home providers | (+) | $215,130 |
| E. On other industries or trade groups: | NONE |  |
| F. Direct and indirect effects on public: | NONE |  |
| **III. Assumptions.** (Identified by Impact Letter and Number from Section II.) |
| A(1). The average reimbursement for nursing facility services will increase by 3 percent in Fiscal Year 2020. Under the provisions of this amendment, the rate represents a reduction of $8.78 per day compared with the rate that providers would otherwise receive. Based on a projected 5,410,704 days of care in Fiscal Year 2020, this reduction represents a savings to the State of $47,505,981. This amount is 50 percent federal funds and 50 percent General Funds. |
| A(2). The interim working capital fund will provide a projected $11,898,770 to providers during Fiscal Year 2020, resulting in loss of potential interest income of $215,130 based on a rate of return of 1.808 percent. This amount is 100 percent General Funds. |
| D(1). Reimbursement for nursing facilities will be reduced by $47,505,981 based on the net impact of the reimbursement adjustments in this proposal, although the average per diem rate will increase by 3 percent as described in Section IIIA(1). |
| D(2). Providers will benefit from the State’s loss of potential interest income in the amount of $215,130 due to providing working capital advances. |

**Economic Impact on Small Businesses**

The proposed action has minimal or no economic impact on small businesses.

**Impact on Individuals with Disabilities**

The proposed action has an impact on individuals with disabilities as follows:

The proposed action affects payments for services used by individuals with disabilities, but it is not expected to have an impact on availability or access to services.

**Opportunity for Public Comment**

Comments may be sent to Jake Whitaker, Acting Director, Office of Regulation and Policy Coordination, Maryland Department of Health, 201 West Preston Street, Room 512, Baltimore, MD 21201, or call 410-767-6499 (TTY 800-735-2258), or email to mdh.regs@maryland.gov, or fax to 410-767-6483. Comments will be accepted through November 25, 2019. A public hearing has not been scheduled.

**.07 Prospective Rates.**

A.—F. (text unchanged)

G. Final facility rates for the period July 1, **[**2018**]** *2019* through June 30, **[**2019**]***2020* shall be each nursing facility’s quarterly rate, exclusive of the amount identified in Regulation .13A(2) of this chapter, reduced by the budget adjustment factor of **[**2.387**]***3.4* percent, plus the Nursing Facility Quality Assessment add-on identified in Regulation .11E of this chapter and the ventilator care add-on amount identified in Regulation .13A(2) of this chapter when applicable.

**.08 Interim Working Capital Fund.**

A.—G. (text unchanged)

H. The Interim Working Capital Fund expires on May 1, **[**2019**]***2020*. Providers shall repay all outstanding funds to the Department by May 1, **[**2019**]** *2020*. The Department may grant repayment extensions*,* **[**of**]**not longer than 60 days*,* under extraordinary circumstances.

**.30 Reimbursement Classes.**

A.—B. (text unchanged)

C. **[**The**]** *For services provided prior to July 1, 2019, the* reimbursement classes for the Nursing Service cost center are as follows:

(1)—(5) (text unchanged)

*D. Effective July 1, 2020, the reimbursement classes for the Nursing Service cost center are as follows:*

*(1) Facilities in the Baltimore Metro region consisting of Baltimore City and the following counties:*

*(a) Anne Arundel;*

*(b) Baltimore;*

*(c) Carroll;*

*(d) Cecil;*

*(e) Harford; and*

*(f) Howard;*

*(2) Facilities in the Washington Metro region consisting of the following counties:*

*(a) Calvert;*

*(b) Charles;*

*(c) Frederick;*

*(d) Montgomery;*

*(e) Prince George’s; and*

*(f) St. Mary’s;*

*(3) Facilities in the Eastern region consisting of the following counties:*

*(a) Caroline;*

*(b) Dorchester;*

*(c) Kent;*

*(d) Queen Anne’s;*

*(e) Somerset;*

*(f) Talbot;*

*(g) Wicomico; and*

*(h) Worcester; and*

*(4) Facilities in the Western region consisting of the following counties:*

*(a) Allegany;*

*(b) Garrett; and*

*(c) Washington.*

*E. During the period July 1, 2019 through June 30, 2020, reimbursement for the Nursing Service cost center shall be the sum of 50 percent of the amount calculated in accordance with the reimbursement classes under §C of this regulation and 50 percent of the amount calculated in accordance with the reimbursement classes under §D of this regulation.*

ROBERT R. NEALL
Secretary of Health