



STATE OF MARYLAND
DHMH

Office of Health Services
Medical Care Programs

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, Secretary

MARYLAND MEDICAL ASSISTANCE PROGRAM
Nursing Home Transmittal No. 252
December 15, 2014

TO: Nursing Home Administrators
FROM: Susan J. Tucker, Executive Director
Office of Health Services
RE: Update on upcoming reimbursement methodology changes
NOTE: **Please ensure that the appropriate staff members in your organization are informed of the content of this transmittal.**

This transmittal is to notify Nursing Facility providers of upcoming changes to Medicaid reimbursement methodology.

Phase-in of the new Medicaid reimbursement methodology starts January 1, 2015

On January 1, 2015, the Department is making the following changes:

- 1. Implementing new billing instructions for prospective reimbursement for Medicaid days of service.
- 2. Beginning phase-in of RUGs-based acuity system and other cost center changes.
- 3. Increasing rates based on budget.

Billing Instructions

Effective for dates of service on and after January 1, 2015, the Department will make prospective payments to facilities. These payments are considered as payment in full and no longer subject to cost settlement. The Department will continue to settle costs for all days of service through December 31, 2014.

At the same time as prospective payment implementation, the Department will begin phase-in of the new Medicaid reimbursement methodology. Revised billing instructions and reimbursement manual will be released in December, 2014. The billing process will largely remain the same, however revenue codes are revised to reflect the new system.

Providers will bill one revenue code for each Medicaid day of service. Nursing facilities will no longer bill for light, moderate, heavy, heavy special or any ancillary services unless otherwise instructed.

Exceptions to this process specifically effect participants receiving ventilator services, administrative days, therapeutic days and certain add-on services including bariatric beds, Class A and B support surfaces, negative pressure wound therapy supplies and power wheel chairs.

Also, the Department plans to phase-out the current patient assessment process. Only assessments for days of service through December 31, 2014 will be verified. The verification process will continue during 2015 for these days of service. The Maryland monthly assessment should not be completed for resident days on and after January 1, 2015.

Phase-in of the new Reimbursement Methodology

The Department will combine the current and new reimbursement methodology on a phase-in basis. The phase-in will continue over 18 months until the new methodology is fully implemented. The phase-in allows time for facilities to adapt to the new process.

Rate increases based on the Department's FY15 budget will also take place on January 1, 2015. This rate increase ensures that the overwhelming majority of facilities will receive some amount of increase on day one of the phase-in.

For example:

- Facility A receives \$200 per day under the current cost settlement methodology and \$205 under the new methodology. On January 1, 2015 Facility A will receive \$204.72 $((\$200 * 75\% + \$205 * 25\%) + \text{projected } 1.725\% \text{ rate increase})$.
- Facility B receives \$200 per day under the current cost settlement methodology and \$195 under the new methodology. On January 1, 2015 Facility B will receive \$202.17 $((\$200 * 75\% + \$195 * 25\%) + \text{projected } 1.725\% \text{ rate increase})$.

Please see the chart below for the phase-in plan.

Rate Periods	Current Methodology based on cost settlement periods ending in CY12	New Methodology (RUGs Methodology *)
Jan-Jun 2015 (FY15)	75%	25%
July-Dec 2015 (FY16)	50%	50%
Jan-Jun 2016 (FY16)	25%	75%
July-Ongoing (FY17)	0%	100%

* Billing for ventilator days will begin at 100% of the new methodology on January 1, 2015.

Resident roster review process

MDS resident roster review periods are listed below. This is an ongoing process. The Department will also be implementing a MDS verification process to ensure accuracy. This process is still in development in consultation with industry representatives.

The MDS resident roster review process is based on the schedule below (unless otherwise notified). Please see the calendar on the Department's website for important resident roster dates throughout the year (<https://mmcp.dhmdh.maryland.gov/longtermcare/SitePages/Nursing%20Home%20Services.aspx>).

MDS Resident Roster Quarter	Review Period	Rate Quarter Applied
July – September (Q1)	November 5 - November 25	January – March (Q3)
October - December (Q2)	February 5 - February 25	April – June (Q4)
January – March (Q3)	May 5 - May 25	July – September (Q1)
April - June (Q4)	August 5 - August 25	October - December (Q2)

Communication from the Department

Each facility must retain an email address on file with the Department. The Department distributes, through a contractor, protected health information to each facility during the resident roster review process. The safest and most efficient method to send information is via secure, encrypted email. Printed versions will be mailed to your facility until the facility provides an email address.

If your facility has not already done so, please contact mdhelpdesk@mslc.com for more information.

Rate Distribution and Training

A rate letter will be distributed to each facility in January, 2015. This letter will include facility-specific rates and instructions for billing for Medicaid days effective January 1, 2015 through March 31, 2015.

The Department intends to host multiple trainings in December and January in order to review billing instructions. Registration will be available.

If you have any questions regarding this memorandum, please email eric.saber@maryland.gov.

