



STATE OF MARYLAND

**DHMH**Medical Care Policy Administration  
1-800-685-5861**Maryland Department of Health and Mental Hygiene**

201 W. Preston Street • Baltimore, Maryland 21201

Parris N. Glendening, Governor - Georges C. Benjamin, M.D., Secretary

**MARYLAND MEDICAL ASSISTANCE PROGRAM****Nursing Home Transmittal No. 165**

October 25, 1999

Nursing Home Administrators

FROM: Joseph M. Millstone, *JMM* Director  
Medical Care Policy Administration

**NOTE: A BILLING PROCEDURE CHANGE IS INCLUDED IN THIS TRANSMITTAL**

Revised Fiscal Year 2000 Interim Rates  
Effective October 1, 1999 - June 30, 2000

Enclosed are revised Fiscal Year 2000 interim rates for your facility. These rates will be in effect for the period October 1, 1999 through June 30, 2000. The rates are based on Regulation .07 Payment Procedures - Maryland Facilities under COMAR 10.09.10 Nursing Facility Services.

Rates reflect the content of proposed amendments that implement substantial changes to the Nursing Home Reimbursement System. Emergency status for these amendments has been approved by the Joint Committee on Administrative, Executive and Legislative Review, effective October 1, 1999. The changes are largely the result of recommendations made by a nursing home reimbursement study report submitted to the General Assembly in 1998, and are consistent with the Program's budget allocation for Fiscal Year 2000. These changes, incorporated in the rates, will:

- Remove physical and occupational therapy costs as allowable costs in the Other Patient Care cost center and establish payment procedures for these services as well as speech therapy services rendered to Medicaid recipients.
- Establish the ceiling for the remaining Other Patient Care costs at 120 percent of the median regional cost, and the efficiency payment in this cost center at 25 percent of the difference between the provider's costs and the ceiling with a cap on this payment at 5 percent of the ceiling.
- Establish the ceiling in the Administrative and Routine cost center at 114 percent of the median regional cost, and the efficiency payment in this cost center at 50 percent of the difference between the provider's costs and the ceiling with a cap on this payment at 10 percent of the ceiling.

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- Increase the per bed appraisal ceiling to \$44,400, the per bed equipment allowance to \$4,500 and the net capital value rental rate to 8.9 percent.
- Update the nursing services work measurement formula resulting in significantly increased reimbursement in the Nursing cost center.
- Eliminate the payment for patient transition management and establish a differential payment for light and moderate care patients who require additional nursing time due to behavior management issues.
- Establish the maximum allowable profit in the Nursing cost center at 5 percent of standard per diem rates.
- Change the 95 percent occupancy standard to the average statewide occupancy plus 0.5 percent.

These regulations will maintain two reimbursement system changes which became effective July 1, 1999, as follows:

- Reimbursement for bed reservation days associated with acute hospitalization and therapeutic leave will not include reimbursement in the Nursing cost center.
- Providers with less than 1,000 days of care to Maryland Medicaid recipients may elect not to submit a cost report and accept as payment the statewide average Medicaid nursing home payment for each day of care provided. This rate and the applicable periods are:

RATE	PERIOD
\$111.93	07/1/1998 - 6/30/1999
\$119.93	07/1/1999 - 9/30/1999
\$122.89	10/1/1999 - 6/30/2000

Please check the provider number at the top of the enclosed rate letter to ensure that you have received the correct data. These interim rates will become effective with payments for services provided on or after October 1, 1999 through June 30, 2000. A copy of these rates should be furnished to your accountant or bookkeeper for setting up your accounts.

As were interim rates for the first quarter of Fiscal Year 2000, all rate calculations are based on the cost report data submitted by you for the fiscal year ending any month in 1998 (i.e., fiscal year end dates January 1998 - December 1998). All cost reports have been indexed forward to December 1999 for interim rate calculations. Capital reimbursement is based also on the debt and lease information furnished to Clifton Gunderson L.L.C. Any significant changes in the provider's capital status (e.g., exercise of lease option to purchase) should be reported to Clifton Gunderson L.L.C. immediately.

**NOTE:** Included in this mailing is a copy of the Maryland Medical Assistance Nursing Facility Assessment and Reimbursement Handbook. This handbook conveys the care provision and

documentation requirements for reimbursement levels and ancillary services, including reimbursement for behavior management, bed reservations for acute hospitalization and therapeutic leave, and physical, occupational and speech therapy. This handbook supersedes any previously issued versions.

### Nursing Service Cost Center

Facilities which did not spend at least 85 percent of their Fiscal Year 1998 nursing payments will continue to have reduced Fiscal Year 2000 nursing payments. For these providers, page 1 of the rate letter will indicate the percentage of standard per diem nursing rates they will receive.

### Impact of Recalibrating Nursing Procedure Hours

As noted above, the revised nursing rates incorporate recalibrated times for nursing procedures. Although there is a significant increase in total reimbursed time, it should be noted that this is a net effect, i.e., reimbursable time and rates have increased for some nursing procedures and decreased for others.

### Behavior Management - Light Care and Moderate Care

Another significant change in the nursing cost center is differential reimbursement for light and moderate care patients based on their need for behavior management. Two procedure codes have been added to the nursing cost center as follows:

- N0015 Days of Care Light – Behavior Management
- N0025 Days of Care Moderate – Behavior Management

Qualification and documentation requirements for behavior management patients are delineated in the revised patient assessment handbook.

### Revised Regional Rates

A list of the revised regional standard nursing service rates is attached. These rates are based on the wage survey conducted in January 1999, a per diem supply allowance of \$3.11 per day and the revised nursing procedure times. Average regional reimbursement has increased significantly in all five nursing regions as follows:

REGION	7/1- 9/30 AVERAGE NURSING REIMB	10/1-6/30 AVERAGE NURSING REIMB	PERCENT INCREASE
BALTIMORE	\$51.53	\$57.33	11.26%
WASHINGTON	56.53	62.71	10.93%
NON-METRO	51.22	56.75	10.80%
CENTRAL	50.79	56.32	10.89%
WESTERN MD	49.89	54.98	10.20%

The fringe benefit factors used in setting the revised regional nursing rates remain as follows:

Baltimore Metropolitan	28.39%
Washington Metropolitan	30.66%
Non-Metropolitan	25.10%
Central	23.82%
Western Maryland	31.65%

The percentage of the nursing service rate which may be allowed as profit above the provider's costs is 5 percent of reimbursement, based on standard nursing service rates, for cost settlement purposes.

### **Occupancy Standard**

The new regulations replace the 95 percent occupancy standard with a standard based on providers' cost report data, specifically the statewide average occupancy percent plus ½ a percent. An analysis of providers' Fiscal Year 1998 cost report data, adjusted to omit providers with occupancy waivers during their 1998 fiscal year, indicates a statewide occupancy level of 90 percent. Therefore the occupancy standard which will be applied to the Administrative/Routine, Other Patient Care and Capital cost centers during the last nine months of Fiscal Year 2000 is 90.5 percent.

### **Administrative/Routine Cost Center**

Revised Fiscal Year 2000 ceilings remain set at 114 percent of the median day cost, and when calculated using the revised occupancy standard of 90.5 percent, have increased as follows:

REGION	7/1 - 9/30 CEILING	10/1 - 6/30 CEILING	PERCENT INCREASE
BALTIMORE	\$44.53	\$46.20	3.75%
WASHINGTON	50.88	52.21	2.61%
NON-METRO	39.35	40.80	3.68%
SMALL FACILITY	45.50	45.50	0.00%

Effective October 1, 1999, the efficiency allowance in this cost center is 50 percent of the difference between the provider's cost and the ceiling, with a maximum efficiency payment of 10 percent of the ceiling.

### **Other Patient Care Cost Center**

A major change, effective October 1, 1999, is the deletion of all therapy costs from the Other Patient Care cost center. As anticipated, the removal of these costs significantly decreases the ceilings in this cost center. A comparison with the ceilings in place during the first quarter of Fiscal Year 2000 follows:

REGION	7/1 - 9/30 CEILING	10/1 - 6/30 CEILING	PERCENT DECREASE
BALTIMORE	\$16.01	\$11.27	-29.61%
WASHINGTON	20.33	12.18	-40.09%
NON- METRO	15.46	10.66	-31.05%

Effective October 1, 1999 the efficiency allowance in this cost center is decreased to 25 percent of the difference between the provider's cost and the ceiling, with the maximum efficiency payment reduced to 5 percent of the ceiling.

### Therapy Reimbursement

Paired with the removal of therapy costs in the Other Patient Care cost center is the establishment of reimbursement rates for therapy services, including speech therapy, rendered to Medicaid recipients. The regulations delineate the procedure for setting rates for physical, occupational and speech therapies in ¼ hour increments up to 1 hour per day. Rates are assigned to procedure codes as follows:

N0200 PHYSICAL THERAPY – ¼ HOUR	N0300 OCCUP THERAPY – ¼ HOUR
N0205 PHYSICAL THERAPY – ½ HOUR	N0305 OCCUP THERAPY – ½ HOUR
N0210 PHYSICAL THERAPY – ¾ HOUR	N0310 OCCUP THERAPY – ¾ HOUR
N0215 PHYSICAL THERAPY – 1 HOUR	N0315 OCCUP THERAPY – 1 HOUR
N0400 SPEECH THERAPY – ¼ HOUR	
N0405 SPEECH THERAPY – ½ HOUR	
N0410 SPEECH THERAPY – ¾ HOUR	
N0415 SPECCH THERAPY – 1 HOUR	

A list of regional therapy rates is also attached.

### Capital Cost Center

For the revised Fiscal Year 2000 rates, facility appraisals have been indexed as before:

<u>APPRAISALS</u>	<u>LAND</u>	<u>BUILDING</u>	<u>EQUIPMENT</u>
Dated March 1996	1.1003	1.0987	1.0313
Dated March 1997	1.0735	1.0668	1.0151
Dated March 1998	1.0453	1.0414	1.0047

The Fiscal Year 2000 appraisal limit has been increased to \$44,400.00/bed.

The Fiscal Year 2000 equipment allowance has been increased to \$4500.00/bed

The Net Capital Value Rental Rate has been increased to 8.90%

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Any questions regarding this transmittal or the rates on the enclosed listings should be directed to the Nursing Home Section of the Division of Long Term Care Services at (410) 767-1444 or 1-800-685-5861 extension 1444.

JMM/seh  
Enclosures

cc: Nursing Home Liaison Committee

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**REVISED FISCAL YEAR 2000 NURSING SERVICE RATES  
EFFECTIVE OCTOBER 1, 1999 - JUNE 30, 2000**

<b>PATIENT CLASSIFICATION OR NURSING PROCEDURE</b>	<b>BALTO</b>	<b>WASH</b>	<b>NON METRO</b>	<b>CENTRAL</b>	<b>WEST MD</b>
<b>LIGHT CARE</b>	33.12	35.93	32.55	32.23	31.27
<b>LIGHT CARE BEHAVIOR MANAGEMENT</b>	38.16	41.54	37.65	37.30	36.25
<b>MODERATE CARE</b>	50.18	54.96	49.71	49.15	48.30
<b>MODERATE CARE BEHAVIOR MANAGEMENT</b>	51.33	56.56	51.21	50.56	50.01
<b>HEAVY CARE</b>	60.69	66.52	60.20	59.60	58.43
<b>HEAVY SPECIAL CARE</b>	61.25	67.13	60.75	60.15	58.97
<b>DECUBITUS ULCER CARE</b>	7.40	7.59	6.88	6.99	6.18
<b>CLASS A SUPPORT SURFACE</b>	22.46	22.46	22.46	22.46	22.46
<b>CLASS B SUPPORT SURFACE</b>	87.88	87.88	87.88	87.88	87.88
<b>COMMUNICABLE DISEASE CARE - LEVEL 1</b>	87.15	94.73	85.05	84.70	81.66
<b>COMMUNICABLE DISEASE CARE - LEVEL 2</b>	147.67	160.52	144.12	143.52	138.38
<b>CENTRAL INTRAVENOUS LINE</b>	17.81	18.49	16.12	16.00	15.38
<b>PERIPHERAL INTRAVENOUS CARE</b>	36.03	37.16	33.03	33.30	30.10
<b>TUBE FEEDING - MEDICARE</b>	13.40	13.76	12.38	12.60	10.95
<b>TUBE FEEDING - MEDICAID</b>	17.09	17.45	16.07	16.29	14.64
<b>VENTILATOR CARE</b>	296.76	302.41	281.69	283.00	267.28
<b>TURNING &amp; POSITIONING</b>	5.39	6.17	5.60	5.49	5.69
<b>OSTOMY CARE</b>	4.06	4.56	4.14	4.10	4.08
<b>AEROSOL OXYGEN THERAPY</b>	3.91	4.01	3.61	3.68	3.19
<b>SUCTIONING</b>	8.95	9.18	8.28	8.45	7.27
<b>INJECTION - SINGLE</b>	2.23	2.29	2.06	2.09	1.83
<b>INJECTIONS - MULTIPLE</b>	4.72	4.85	4.36	4.44	3.85

**FISCAL YEAR 2000 THERAPY RATES**  
**EFFECTIVE OCTOBER 1, 1999 - JUNE 30, 2000**

<b>THERAPY</b>	<b>BALTIMORE</b>	<b>WASHINGTON</b>	<b>NON METRO</b>
<b>PHYSICAL THERAPY</b>			
1/4 HOUR	14.88	15.63	14.17
1/2 HOUR	29.76	31.25	28.33
3/4 HOUR	44.64	46.88	42.50
1 HOUR	59.52	62.50	56.66
<b>OCCUP. THERAPY</b>			
1/4 HOUR	14.13	14.86	13.45
1/2 HOUR	28.27	29.73	26.90
3/4 HOUR	42.40	44.59	40.35
1 HOUR	56.53	59.45	53.80
<b>SPEECH THERAPY</b>			
1/4 HOUR	13.61	14.32	12.94
1/2 HOUR	27.21	28.65	25.89
3/4 HOUR	40.82	42.97	38.83
1 HOUR	54.42	57.29	51.77