



Maryland Department of Health and Mental Hygiene
201 W. Preston Street • Baltimore, Maryland 21201

Martin O'Malley, Governor – Anthony G. Brown, Lt. Governor – John M. Colmers, Secretary

MARYLAND MEDICAL ASSISTANCE PROGRAM
Nursing Home Transmittal No. 206
June 26, 2007

TO: Nursing Home Administrators

FROM: Susan J. Tucker, Executive Director
Office of Health Services

NOTE: Please ensure that appropriate staff members in your organization are informed of the contents of this transmittal

Fiscal Year 2008 Interim Rates

Enclosed are Fiscal Year 2008 interim rates for your facility which will become effective with payments for services provided on July 1, 2007.

The rates are based on Regulation .07 Payment Procedures - Maryland Facilities under COMAR 10.09.10 Nursing Facility Services, in accordance with amendments proposed to become effective July 1, 2007. These amendments maintain parameters identical to those in effect during Fiscal Year 2007. Rate adjustments for providers that maintain kosher kitchens are no longer in effect.

Please check the provider number at the top of the enclosed rate letter to ensure that you have received the correct data. A copy of these rates should be furnished to your accountant or bookkeeper for setting up your accounts.

Interim rate calculations are based on the cost report data you submitted for the fiscal year ending any month in 2006 (i.e., fiscal year end dates January 2006 - December 2006). All cost reports have been indexed forward to December 2007 for interim rate calculations. Capital reimbursement is based also on the debt and lease information furnished to Myers and Stauffer LC. Any significant changes in the provider's capital status (e.g., exercise of lease option to purchase) should be reported to Myers and Stauffer LLC immediately.



I. Increase in Patient Personal Needs Allowance

Effective July 1, 2007 the personal needs allowance for Medicaid nursing home recipients will increase to \$66 per month for individuals and \$132 per month for couples.

II. Providers Electing Statewide Average Payment

For those providers with less than 1,000 days of care to Maryland Medicaid recipients, that elected not to submit a cost report and accept as payment the statewide average Medicaid nursing home payment for each day of care during Fiscal Year 2008 (COMAR 10.09.10.13N), the payment rate is \$200.93.

Occupancy Standard

Regulations define the applicable fiscal year occupancy standard as the statewide average occupancy, based on providers' cost report data, plus 1.5 percent. An analysis of providers' Fiscal Year 2006 cost report data, adjusted to omit providers with occupancy waivers during their 2006 fiscal year, indicates a statewide occupancy level of 90.6 percent. Therefore, the occupancy standard that will be applied to the Administrative and Routine, Other Patient Care and Capital cost centers during Fiscal Year 2008 is 92.1 percent.

Nursing Service Cost Center

A. Recalibration of Nursing Hours

As prescribed by regulations, nursing hours are recalibrated each fiscal year based on data from the annual wage survey. Updated system-wide acuity data is used for this analysis. The recalibration process for Fiscal Year 2008 was based on the October 2006 wage survey as follows:

1. The adjustment to reimbursement calculations is the difference between the time measured by the October 2006 wage survey, 3.7191 hours, and the time measured by the October 2005 wage survey, 3.7084 hours. This differential +.0107 hours, is a small increase of .29 percent in total hours. The net difference is the sum of -.0055 DON hours, -.0145 RN hours, +.0788 LPN hours, +.1077 NA hours and -.1558 CMA hours. This recalibration of hours has a minimal impact on nursing rates.
2. The time for each level of care and personnel category was adjusted by the percent time for that personnel category. This process adjusts time to the days of care in proportion to the time they require.
3. The final result of the recalibration process is as follows:

PROCEDURE	HOURS	DON %	RN %	LPN %	NA %	CMA %
LIGHT	2.6379	0.0186	0.1014	0.3329	0.4568	0.0903
MODERATE	3.4410	0.0147	0.0976	0.2477	0.5650	0.0750
HEAVY	3.6479	0.0133	0.0957	0.2105	0.6125	0.0680
HEAVY SPEC	4.4241	0.0108	0.1090	0.2855	0.5385	0.0562

In addition to the recalibration of hours, Fiscal Year 2008 nursing rates are based on:

- Wages as reported during the October 2006 wage survey;
- Regional fringe benefit factors, calculated from providers' cost report data, as follows:

BALTIMORE	30.25%
WASHINGTON	30.14%
NON METRO	30.69%
CENTRAL	27.85%
WEST MD	35.41%

- The indexes based on changes in wages from the November 2004, October 2005 and October 2006 wage surveys, used to project 75th percentile regional wages from October 2006 to December 2007;
- A decrease in the daily supply cost of \$.16 from \$3.52 to \$3.36;
- An increase in the supply costs for tube feeding from \$4.38 to \$4.45 per day; and
- An increase in supply costs for decubitus ulcer care from \$.80 to \$.81 per day.

C. Nursing Rates

Fiscal Year 2008 regional nursing rates have increased in all regions except the Western MD region which has a slight decrease. The percent change from Fiscal Year 2007 to Fiscal Year 2008 is indicated by the following chart.

BALTIMORE	4.9%
WASHINGTON	1.5%
NON METRO	4.4%
CENTRAL	3.4%
WEST MD	-1.2%

Fiscal Year 2008 Nursing Service Rates are attached to this transmittal. Providers receive reimbursement based upon their projected nursing service costs, not to exceed these rates. Providers with costs less than these rates are allowed profit in the amount of 60 percent of the difference between their costs and the rate. Profit may not exceed 3.15 percent of the provider's maximum allowable reimbursement based upon standard per diem rates.

Nursing Recovery

nursing recovery deducted from interim nursing rates. Providers can request an interim rate change if documentation of increased nursing costs will increase their reimbursement in the Nursing Service cost center by 2 percent or more.

V. Administrative and Routine Cost Center

Fiscal Year 2008 ceilings are set at 112.25 percent of the median per diem cost. The ceilings as calculated are shown below. Due to the fact that payment in this cost center is again reduced by 1.4 percent, providers at or above the ceiling will receive the maximum payment as noted (the ceiling less 1.4 percent.)

The ceiling remains applicable for the calculation of rates for providers with costs below the ceiling. After the rate is calculated as in the past, with an added efficiency payment, the total amount is subjected to the 1.4 percent reduction.

REGION	FISCAL YEAR 2007 CEILING	FISCAL YEAR 2007 MAXIMUM PAYMENT	FISCAL YEAR 2008 CEILING	FISCAL YEAR 2008 MAXIMUM PAYMENT	PERCENT CHANGE IN CEILING	PERCENT CHANGE IN MAXIMUM PAYMENT
BALTIMORE	\$69.43	\$68.46	\$72.47	\$71.46	4.4%	4.4%
WASHINGTON	75.99	74.93	78.70	77.60	3.6%	3.6%
NON-METRO	65.68	64.76	65.62	64.70	-0.1%	-0.1%

The ceilings reflect the combined impact of providers' Fiscal Year 2006 costs and inflation indexes. The efficiency allowance in this cost center is 40 percent of the difference between the provider's cost and the ceiling, with a maximum efficiency payment of 10 percent of the ceiling.

VI. Other Patient Care Cost Center

Fiscal Year 2008 ceilings are set at 118 percent of the median per diem cost. The ceilings as calculated are shown below. Due to the fact that payment in this cost center is also reduced by 1.4 percent, providers at or above the ceiling will receive the maximum payment as noted (the ceiling less 1.4 percent.)

The ceiling remains applicable for the calculation of rates for providers with costs below the ceiling. After the rate is calculated as in the past, with an added efficiency payment, the total amount is subjected to the 1.4 percent reduction.

REGION	FISCAL YEAR 2007 CEILING	FISCAL YEAR 2007 MAXIMUM PAYMENT	FISCAL YEAR 2008 CEILING	FISCAL YEAR 2008 MAXIMUM PAYMENT	PERCENT CHANGE IN CEILING	PERCENT CHANGE IN MAXIMUM PAYMENT
BALTIMORE	\$14.98	\$14.77	\$15.57	\$15.35	3.9%	3.9%
WASHINGTON	15.95	15.73	15.80	\$15.58	-0.9%	-1.0%
NON-METRO	14.92	14.71	15.58	\$15.36	4.4%	4.4%

These ceilings reflect the combined impact of providers' Fiscal Year 2006 costs and inflation indexes. The efficiency allowance in this cost center is 25 percent of the difference between the provider's cost and the ceiling, with a maximum efficiency payment of 5 percent of the ceiling.

Therapy Services

Physical, occupational and speech therapy rates have increased by approximately 3.6 percent. A list of regional therapy rates is attached.

Capital Cost Center

For Fiscal Year 2008 rate setting, facility appraisals have been indexed as follows:

	MAR 2003	MAR 2004	MAR 2005	MAR 2006
LAND	1.1381	1.1029	1.0686	1.0353
BUILD	1.3453	1.2545	1.1396	1.0861
EQUIP	1.2568	1.2338	1.1420	1.0946

The Fiscal Year 2008 appraisal limit is \$65,623.54/bed, an increase of 3.5 percent. The Fiscal Year 2008 equipment allowance is \$5,935.58/bed, an increase of 5.1 percent.

The Fiscal Year 2008 Capital Rental Rate is 8.22 percent.

Payment in the Capital cost center is also reduced by 1.4 percent.

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) 767-1736.

SJT/seh
Enclosures

cc: Nursing Home Liaison Committee

FISCAL YEAR 2008 NURSING SERVICE RATES

Effective July 1, 2007

PATIENT CLASSIFICATION OR NURSING PROCEDURE	BALTO	WASH	NON METRO	CENT	WEST MD
Light Care	80.04	77.96	79.16	79.34	70.20
Moderate Care	98.60	96.99	97.66	98.58	88.16
Heavy Care	102.17	100.98	101.26	102.56	92.22
Heavy Special Care	132.10	129.19	130.46	131.36	116.60
Decubitus Care - Medicare	15.26	14.39	14.56	14.44	12.06
Decubitus Care - Medicaid	16.07	15.20	15.37	15.25	12.87
Turning & Positioning	8.59	8.81	8.70	9.03	8.51
Tube Feeding - Medicare	35.44	33.44	33.81	33.53	28.01
Tube Feeding - Medicaid	39.89	37.89	38.26	37.98	32.46
Communicable Disease Care	105.30	103.46	103.05	104.45	92.38
Central Intravenous Line	53.42	51.44	49.66	50.23	42.25
Peripheral Intravenous Care	19.02	18.07	17.99	17.96	15.04
Aerosol Oxygen Therapy	3.97	3.77	3.75	3.75	3.14
Suctioning	43.84	41.93	41.12	41.31	34.67
Class A Support Surface	23.13	23.13	23.13	23.13	23.13
Class B Support Surface	92.14	92.14	92.14	92.14	92.14
Ventilator Care	480.75	467.44	463.38	464.08	419.57

FISCAL YEAR 2008 THERAPY SERVICE RATES

Effective July 1, 2007

THERAPY RATES ARE PER 15 MINUTE UNITS

REGION	PHYSICAL	OCCUPATIONAL	SPEECH
BALTO	19.85	18.66	17.96
WASH	20.63	19.62	18.91
NON METRO	18.70	17.76	17.09