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 – John M. Colmers, Secretary

MARYLAND MEDICAL ASSISTANCE PROGRAM

Nursing Home Transmittal No. 210
February 8, 2008

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

RE: **Revised Fiscal Year 2008 Interim Rates Adjusted to Incorporate Quality Assessments**

Enclosed are your facility's revised Fiscal Year 2008 interim rates adjusted to reflect the assessment and application of quality assessments as per Senate Bill 101(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 retroactively to October 1, 2007.

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.

As with the original FY 2008 Interim rates, rate calculations are based on the cost report data 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 LLC. 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.

This transmittal addresses in detail only those rate setting parameters that have changed effective October 1, 2007.

I. Nursing Service Cost Center

Nursing Rates

Nursing rates have not changed. 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. Effective October 1, 2007, profit may not exceed 4 percent of the provider's maximum allowable reimbursement based upon standard per diem rates.

Providers that are projected to spend less than full reimbursement in the Nursing Service cost center have had their interim nursing rates reduced by 95 percent of the per diem amount projected to be recovered. The attached rate letter indicates the amount of nursing recovery deducted from interim nursing rates, effective October 1, 2007. 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.

Reimbursement for Negative Pressure Wound Therapy (NPWT)

Reimbursement for costs associated with NPWT will be recognized in the nursing cost center, subject to medical documentation. Reimbursement for this service will be based on current rates paid by the DMS/DME Program for recipients who require this service and reside in the community. This reimbursement is $116.41 per day.

II. Administrative and Routine Cost Center

Effective October 1, 2007, ceilings are increased from 112.25 percent to 114 percent of the median per diem cost and the 1.4 percent payment reduction is rescinded. The regional ceilings and the percent change in maximum payment are as follows:

REGION	FISCAL YEAR 2008 MAXIMUM PAYMENT JULY – SEPT.	FISCAL YEAR 2008 CEILING OCTOBER 2007 – JUNE 2008	PERCENT CHANGE
BALTIMORE	$71.46	$73.60	3.0%
WASHINGTON	77.60	79.33	2.2%
NON-METRO	64.70	66.73	3.1%

Effective October 1, 2007, 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.

III. Other Patient Care Cost Center

Effective October 1, 2007, ceilings are increased from 118 percent to 120 percent of the median per diem cost and the 1.4 percent payment reduction is rescinded.

Effective with costs incurred on or after October 1, 2007, providers that do not incur over-the-counter drug costs for private pay residents may report an adjustment to incurred costs. The adjustment as per COMAR 10.09.10.13P is: "A provider that does not incur costs for over-the-counter drugs on behalf of its private pay residents may adjust its report in order to ensure final reimbursement that more accurately reflects its costs for Medicaid days of care. The provider shall divide its costs by Medicaid and other government-paid days, multiply the quotient by its private pay days of care, and report the product as an adjustment to its over-the-counter drug costs."

The regional ceilings and the percent change in maximum payment are as follows:

REGION	FISCAL YEAR 2008 MAXIMUM PAYMENT JULY – SEPT.	FISCAL YEAR 2008 CEILING OCTOBER 2007 – JUNE 2008	PERCENT CHANGE
BALTIMORE	$15.35	$15.89	3.5%
WASHINGTON	15.58	16.14	3.6%
NON-METRO	15.36	15.98	4.0%

The Fiscal Year 2008 efficiency allowance remains at 25 percent of the difference between the provider's cost and the ceiling, with a maximum efficiency payment of 5 percent of the ceiling.

IV. Therapy Services

Physical, occupational and speech therapy rates have not changed.

V. Capital Cost Center

Revised Appraisal Ceiling, Equipment Allowance and Capital Rental Rate

Effective October 1, 2007, the Fiscal Year 2008 appraisal limit has been set at $69,672 per bed. Also effective October 1, 2007, the equipment allowance is $6,422 per bed and the Capital Rental Rate is increased from 8.22 percent to 8.57 percent. The 1.4 percent payment reduction in this cost center is rescinded.

Coverage of Power Wheelchairs and Beds for Bariatric Patients

Subject to preauthorization, the nursing home reimbursement system will cover the costs associated with power wheelchairs and special beds for bariatric patients. These costs will be recognized in the capital cost center.

Quality Assessments

For providers subject to quality assessments, the assessment is calculated on each non-Medicare day of care. The portion reimbursed per Medicaid day is the total amount paid divided by all days of care. This per diem allowed amount of reimbursement for quality assessments has been added to the payment in the capital cost center, hence, to every Medicaid day of care.

Continuing Care Retirement Communities, facilities with fewer than 45 beds, and out-of-State providers are not subject to quality assessments.

VI. 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 $209.58 effective for the period October 1, 2007 through June 30, 2008.

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
Enclosure

cc: Nursing Home Liaison Committee