



STATE OF MARYLAND

DHMH

Office of Health Services
Medical Care ProgramsMaryland 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. 214
June 23, 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: **Fiscal Year 2009 Interim Rates**

Enclosed are Fiscal Year 2009 interim rates for your facility which will become effective with payments for services provided on July 1, 2008.

The rates are based on COMAR 10.09.10 Nursing Facility Services, in accordance with amendments proposed to become effective July 1, 2008 in order to comply with the Department's appropriation for nursing facility services for Fiscal Year 2009.

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 2007 (i.e., fiscal year end dates January 2007 - December 2007). All cost reports have been indexed forward to December 2008 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 LC immediately.

I. Increase in Patient Personal Needs Allowance

Effective July 1, 2008 the personal needs allowance for Medicaid nursing home recipients will increase to \$68 per month for individuals and \$135 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 2009 (COMAR 10.09.10.13N), the payment rate is \$223.25.

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III. 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 2007 cost report data, adjusted to omit providers with occupancy waivers during their 2007 fiscal year, indicates a statewide occupancy level of 90.2 percent. Therefore, the occupancy standard that will be applied to the Administrative and Routine, Other Patient Care and Capital cost centers during Fiscal Year 2009 is 91.7 percent.

IV. 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 2009 was based on the October 2007 wage survey as follows:

1. The adjustment to reimbursement calculations is the difference between the time measured by the October 2007 wage survey, 3.7492 hours, and the time measured by the October 2006 wage survey, 3.7191 hours. This differential, +.0301 hours, is an increase of 0.81 percent in total hours. The net difference is the sum of +.0062 DON hours, -.0255 RN hours, +.0321 LPN hours, +.0187 NA hours and -.0013 CMA hours. This recalibration of hours has a minimal impact on any change in 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	2.6650	2.08	9.27	34.30	45.50	8.84
MODERATE	3.4666	1.65	8.97	25.60	56.42	7.36
HEAVY	3.6707	1.49	8.80	21.78	61.24	6.68
HEAVY SPEC	4.4581	1.21	10.01	29.50	53.77	5.51

B. Nursing Wages, Fringe Benefits, Indexes & Supplies

In addition to the recalibration of hours, Fiscal Year 2009 nursing rates are based on:

- Wages as reported during the October 2007 wage survey;
- Regional fringe benefit factors, calculated from providers' cost report data, as follows:

BALTIMORE	31.31%
WASHINGTON	30.09%
NON METRO	31.14%
CENTRAL	29.51%
WEST MD	35.87%

- The indexes based on changes in wages from the November 2005, October 2006 and October 2007 wage surveys, used to project 75th percentile regional wages from October 2007 to December 2008;
- An increase in the daily supply cost of \$.63 from \$3.36 to \$3.99;
- An increase in the supply costs for tube feeding from \$4.45 to \$4.53 per day; and
- An increase in supply costs for decubitus ulcer care from \$.81 to \$.83 per day.

C. Nursing Rates

Fiscal Year 2009 regional nursing rates have increased significantly in all regions, based predominantly on an increase in wages. The percent change from Fiscal Year 2008 to Fiscal Year 2009 is indicated by the following chart.

BALTIMORE	6.2%
WASHINGTON	5.8%
NON METRO	5.2%
CENTRAL	6.3%
WEST MD	10.5%

Fiscal Year 2009 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 3.5 percent of the provider's maximum allowable reimbursement based upon standard per diem rates.

D. Nursing Recovery

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. 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 2009 ceilings are set at 113 percent of the median per diem cost. The ceilings as calculated are shown below. Payment in this cost center is reduced by 1.3 percent in Fiscal Year 2009, therefore providers at or above the ceiling will receive the maximum payment as noted (i.e., the ceiling less 1.3 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 subject to the 1.3 percent reduction.

REGION	FISCAL YEAR 2009 CEILING	FISCAL YEAR 2009 MAXIMUM PAYMENT	FISCAL YEAR 2008 CEILING – OCT - JUNE	PERCENT CHANGE IN CEILING	PERCENT CHANGE IN MAXIMUM PAYMENT
BALTIMORE	\$81.22	\$80.16	\$73.60	10.4%	8.9%
WASHINGTON	\$87.47	\$86.33	\$79.33	10.3%	8.8%
NON-METRO	\$74.57	\$73.60	\$66.73	11.7%	10.3%

The ceilings reflect the combined impact of providers' Fiscal Year 2007 costs, a reduction in the ceiling from 114 percent to 113 percent, and inflation indexes. The efficiency allowance in this cost center is 45 percent of the difference between the provider's cost and the ceiling, with a maximum efficiency payment of 10 percent of the ceiling.

Nursing facilities that maintain kosher kitchens and have Administrative and Routine costs in excess of the ceiling that are attributable to dietary expense, shall receive an add-on to its rate in this cost center in an amount up to 15 percent of the median per diem cost for dietary expense in its region (subject to the 1.3 percent reduction).

VI. Other Patient Care Cost Center

Fiscal Year 2009 ceilings are set at 119 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 1.3 percent, providers at or above the ceiling will receive the maximum payment as noted (i.e., the ceiling less 1.3 percent).

REGION	FISCAL YEAR 2009 CEILING	FISCAL YEAR 2009 MAXIMUM PAYMENT	FISCAL YEAR 2008 CEILING – OCT - JUNE	PERCENT CHANGE IN CEILING	PERCENT CHANGE IN MAXIMUM PAYMENT
BALTIMORE	\$16.83	\$16.61	\$15.89	5.9%	4.5%
WASHINGTON	\$16.93	\$16.71	\$16.14	4.9%	3.5%
NON-METRO	\$16.23	\$16.02	\$15.98	1.6%	.03%

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 subject to the 1.3 percent reduction.

These ceilings reflect the combined impact of providers' Fiscal Year 2007 costs, a reduction in the ceiling from 120 percent to 119 percent, 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.

Nursing facilities that maintain kosher kitchens and have Other Patient Care costs in excess of the ceiling that are attributable to raw food expense, shall receive an add-on to its rate in this cost center in an amount up to 15 percent of the median per diem cost for raw food expense in its region (subject to the 1.3 percent reduction).

VII. Therapy Services

Physical, occupational and speech therapy rates have increased by approximately 3.5 percent. A list of regional therapy rates is attached.

VIII. Capital Cost Center

For Fiscal Year 2009 rate setting, facility appraisals have been indexed as follows:

	MAR 2005	MAR 2006	MAR 2007	MAR 2008
LAND	1.0554	1.0226	1.0045	1.0045
BUILD	1.2171	1.1599	1.1066	1.0425
EQUIP	1.1707	1.1221	1.0640	1.0300

The Fiscal Year 2009 appraisal limit is \$74,352.08, an increase of 6.7 percent over the amount set October 1, 2007. The appraisal limit, as per COMAR 10.09.10.10G(4), is "the lowest per bed combined appraised value that is equal to the combined indexed appraised value associated with at least 50 percent of the Medicaid covered days of care." The Fiscal Year 2009 equipment allowance is \$6,561.14/bed, an increase of 2.2 percent.

The Fiscal Year 2009 Capital Rental Rate is 8.07 percent.

Payment in the Capital cost center is also reduced by 1.3 percent.

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 interim 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.

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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) 767-1736.

SJT/seh
Enclosures
cc: Nursing Home Liaison Committee

FISCAL YEAR 2009 NURSING SERVICE RATES

Effective July 1, 2008

PATIENT CLASSIFICATION OR NURSING PROCEDURE	BALTO	WASH	NON METRO	CENT	WEST MD
Light Care	85.18	82.92	83.66	84.65	78.41
Moderate Care	104.82	102.74	102.92	104.93	97.57
Heavy Care	108.59	106.81	106.61	109.09	101.65
Heavy Special Care	140.02	136.58	137.03	139.35	129.28
Decubitus Care - Medicare	15.95	15.00	15.00	15.07	13.41
Decubitus Care - Medicaid	16.78	15.83	15.83	15.90	14.24
Negative Pressure Wound Therapy - NPWT	116.41	116.41	116.41	116.41	116.41
Turning & Positioning	9.15	9.29	9.12	9.56	9.20
Tube Feeding - Medicare	37.04	34.85	34.85	35.01	31.15
Tube Feeding - Medicaid	41.57	39.38	39.38	39.54	35.68
Communicable Disease Care	110.84	108.26	107.70	110.04	100.62
Central Intravenous Line	56.51	53.41	51.49	52.99	45.99
Peripheral Intravenous Care	19.96	18.81	18.58	18.82	16.60
Aerosol Oxygen Therapy	4.17	3.93	3.88	3.93	3.46
Suctioning	46.19	43.59	42.55	43.43	38.01
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	501.62	484.11	478.32	483.46	448.00

FISCAL YEAR 2009 THERAPY SERVICE RATES

Effective July 1, 2008

THERAPY RATES ARE PER 15 MINUTE UNITS

REGION	PHYSICAL	OCCUPATIONAL	SPEECH
BALTO	20.32	19.30	18.58
WASH	21.34	20.30	19.56
NON METRO	19.35	18.37	17.68