Overview and Legal and Fiscal Impact

These regulations extend the Interim Working Capital Fund by one year and provide a 2% rate increase for nursing facilities in the Medicaid Program.

The regulations present no legal issues of concern.

Medicaid expenditures increase by $12.9 million (50% general funds, 50% federal funds) in fiscal 2018 due to a 2% rate increase for nursing home providers. General fund revenues decline by $211,360 in fiscal 2018 from lost interest revenues associated with extension of the Interim Working Capital Fund.

Regulations of COMAR Affected

Maryland Department of Health:
Medical Care Programs:  Nursing Facility Services:  COMAR 10.09.10.07-1 and .07-2

Legal Analysis

Summary of Regulations

COMAR 10.09.10.07-11 extends the Interim Working Capital Fund from May 1, 2017 through May 1, 2018. The Interim Working Capital Fund provides funding to nursing facility providers on a temporary basis that shall be repaid to the Maryland Department of Health. Under the regulation, all outstanding allotments must be repaid to the department by May 1, 2018.

Final nursing facility rates adjustments for the period July 1, 2017 through June 30, 2018 are established under COMAR 10.09.10.07-2N. The adjustments provide for a 2% rate increase.

Legal Issues

The regulations present no legal issues of concern.

Statutory Authority and Legislative Intent

The department cites §§ 2-104(b), 15-103, and 15-105 of the Health – General Article as statutory authority for the regulations. Section 2-104(b) authorizes the Secretary of Health to adopt
rules and regulations to carry out the provisions of law within the jurisdiction of the Secretary. Section 15-103 establishes the Maryland Medical Assistance Program and requires the Secretary to administer the program, including adopting regulations. Section 15-105(b) requires the department to adopt rules and regulations for the reimbursement of providers for services under the program.

This authority is correct and complete. The regulations comply with the legislative intent of the law.

**Fiscal Analysis**

Medicaid expenditures increase by $12.9 million (50% general funds, 50% federal funds) in fiscal 2018 due to a 2% rate increase for nursing home providers. General fund revenues decline by $211,360 in fiscal 2018 from lost interest revenues associated with extension of the Interim Working Capital Fund.

**Agency Estimate of Projected Fiscal Impact**

The regulations provide a 2% rate increase for Medicaid nursing facility providers and extend the Interim Working Capital Fund for one year from May 1, 2017, to May 1, 2018. The department advises that increasing nursing home rates by 2% increases Medicaid expenditures by $12,895,751 (50% general funds, 50% federal funds). Extension of the Interim Working Capital Fund reduces interest revenues by $211,360. The Department of Legislative Services concurs.

**Impact on Budget**

Medicaid expenditures increase by an estimated $12,895,751 (50% general funds, 50% federal funds) in fiscal 2018 to provide a 2% rate increase to nursing home providers. Funding for the rate increase is included in the fiscal 2018 budget. General fund revenues decline by $211,360 in fiscal 2018 from lost interest revenues associated with extension of the Interim Working Capital Fund.

**Agency Estimate of Projected Small Business Impact**

The department advises that the regulations have a meaningful economic impact on small businesses in the State as eight nursing homes qualify as small businesses. The total revenue increase for these small businesses is estimated at $231,051. The Department of Legislative Services concurs.

**Contact Information**

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