

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE
Revised

House Bill 1247 (Chairman, Environmental Matters Committee)
Environmental Matters

Referred to Finance

(Dep

Maryland Medical Assistance Program - Nursing Facilities - Reserved Beds

This amended departmental bill reduces from 15 to 10 the maximum number of days that the Medicaid program will pay to reserve a nursing home bed from which a Medicaid recipient is temporarily absent.

The bill takes effect July 1, 1996.

Fiscal Summary

State Effect: Although expenditures would decrease by \$1.5 million (\$765,000 general funds and \$765,000 federal funds) in FY 1997, there would be a \$2.5 million (\$1.25 million general funds and \$1.25 million federal funds) deficiency in the Medicaid budget because \$4 million in savings has already been incorporated into the proposed FY 1997 State budget. Since the \$4 million in savings is not contingent upon enactment of the bill, there would be a \$4 million deficiency if the bill is not passed.

Local Effect: None.

Small Business Effect: The Department of Health and Mental Hygiene has determined that this bill has minimal or no impact on small business (attached). Fiscal Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Fiscal Analysis

Background: Current State law requires the Medicaid program to make payments to nursing homes to ensure a bed is reserved for a Medicaid recipient who is temporarily absent from the nursing home due to a hospitalization or leave of absence.

State Expenditures: Expenditures could decrease by an estimated \$1.5 million in fiscal 1997 (\$765,000 general funds and \$765,000 federal funds). This estimate assumes: (1) 16,681 fewer nursing home patient days at a cost per day of \$98.24; and (2) the savings of \$1.6 million will be offset by higher per diem costs and shorter hospital stays of \$108,000, or 6.6% of savings. Future year savings assume annual growth of 9% for enrollment and rate increases.

The proposed fiscal 1997 budget assumes a \$4 million savings since (1) the bill as originally introduced authorized the Department of Health and Mental Hygiene (DHMH) to establish by regulation the maximum number of bed hold days to be reimbursed by Medicaid; and (2) DHMH intended to limit bed hold day payments to a maximum of five days. Therefore, if the bill is passed, there would be a \$2.5 million deficiency in the Medicaid budget (\$4.0 million budgeted savings less \$1.5 million savings that could be realized due to the bill's requirements). If the bill is not passed, there would be a \$4 million deficiency, since there is no language in the budget bill making the expenditure savings contingent upon passage of the bill.

Information Source(s): Department of Health and Mental Hygiene (Medical Care Programs Administration), Department of Fiscal Services

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