

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE

Senate Bill 779 (Senators Collins and Hogan)

Finance

Nursing Facilities - Reservation of Beds

This bill provides that the Medicaid program must reimburse a nursing facility for each day that: (1) a Medicaid patient is hospitalized and a bed is reserved and made available for the return of the patient; (2) the nursing facility is 100% occupied or reserved; or (3) the facility can demonstrate that it would be unable to admit any new patient of the same gender as the patient for whom the bed is reserved without requiring patients to relocate. The facility must reserve a bed and make it available to the patient for up to 15 days for any single hospital stay. If the patient is hospitalized beyond 15 days, the patient, or representative of the patient, may pay the facility at the Medicaid per diem rate to reserve the patient's bed for the additional days that the patient is hospitalized. The calculation of per diem rates must be based upon all days that a bed is occupied or reserved, regardless of program payment for reserved beds.

The bill requires general fund savings as a result of this bill to be distributed as follows: (1) \$2 million to be transferred from the Medicaid program to the Licensing and Certification Administration for the purpose of enhancing nursing home surveys; and (2) \$3 million to be used for nurse measurement work-study reimbursement under the Medicaid reimbursement methodology.

Fiscal Summary

State Effect: None. The bill would not result in any savings or increased expenditures for the Medicaid program.

Local Effect: None.

Small Business Effect: None. The bill would not affect reimbursements to nursing facilities.

Fiscal Analysis

State Expenditures: Currently, the Medicaid program reimburses nursing facilities for up to 15 bed hold days for any single hospital stay. Although this bill adds two possible circumstances under which the Medicaid program would be required to reimburse a nursing facility for bed hold days, it maintains a 15-day limit. Thus, this bill would have no impact on the Medicaid program.

Since the bill does not result in savings for the Medicaid program, there would be no transfers to the Licensing and Certification Administration for enhancing the nursing home surveys and no funds for nurse measurement work-study reimbursement under the Medicaid reimbursement methodology.

There would be Medicaid savings, however, if the intent of the bill is to require the Medicaid program to reimburse facilities for each day that the patient is hospitalized and a bed is reserved for the patient, and: (1) the nursing facility is 100% occupied or reserved; or (2) the facility can demonstrate that it would be unable to admit any new patient of the same gender as the patient for whom the bed is reserved without requiring patients to relocate. By requiring the nursing facility to be at or near capacity in order to qualify for Medicaid payments, the bill reduces the number of bed hold days for which the Medicaid program is responsible for paying.

As a result, the Medicaid program could have 95,660 fewer bed hold days for which it must reimburse nursing facilities (at \$111.95 per day). This amounts to approximately \$8.03 million in nursing facility reimbursement savings in fiscal 1999, of which \$4.015 million is general funds and \$4.015 million is federal funds. This estimate accounts for the October 1, 1998 effective date. Under the bill, up to \$5 million of the general fund savings must be transferred to fund the enhanced nursing home surveys and nurse measurement work-study reimbursement; consequently, the \$4.015 million in general fund savings would be completely offset by \$4.015 million in additional general fund expenditures.

In addition, nursing facility reimbursement revenues for State-health facilities could decrease by \$5,850 in fiscal 1999, of which \$2,925 is general fund revenues and \$2,925 is federal fund revenues. The estimate accounts for the October 1, 1998 effective date.

Information Source(s): Department of Health and Mental Hygiene (Community and Public Health Administration, Medical Care Policy Administration); Department of Legislative Services

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