

Department of Legislative Services
 Maryland General Assembly
 1999 Session

FISCAL NOTE
Revised

House Bill 452 (Chairman, Environmental Matters Committee)
 (Departmental - Health and Mental Hveiene)

Environmental Matters

Maryland Medical Assistance Program - Nursing Facilities - Reserved Beds

This departmental bill reduces the Medicaid per diem rate for reserved nursing facility beds when the patient is absent from the nursing facility by excluding the cost of nursing services in the rate calculation. The current Medicaid nursing home reimbursement formula pays the same per diem rate for nursing home residents regardless of whether the individual is physically present in the nursing facility, subject to certain limitations.

The bill takes effect July 1, 1999.

Fiscal Summary

State Effect: Medicaid expenditures would decrease by \$5.0 million in FY 2000, of which \$2.5 million is general funds and \$2.5 million is federal funds. Future year expenditure reductions increase by 4% annually. Revenues would not be affected.

(in millions)	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
GF Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditures	(\$2.5)	(\$2.6)	(\$2.7)	(\$2.8)	(\$2.9)
FF Expenditures*	(\$2.5)	(\$2.6)	(\$2.7)	(\$2.8)	(\$2.9)
Net Effect	(\$5.0)	(\$5.2)	(\$5.4)	(\$5.6)	(\$5.8)

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - =indeterminate effect

* - federal fund expenditures are reimbursable by the federal government

Local Effect: None.

Small Business Effect: The Department of Health and Mental Hygiene has determined that this bill has minimal of no impact on small business (attached). Legislative Services concurs with this assessment.

Fiscal Analysis

State Expenditures: The current Medicaid nursing facility reimbursement formula accounts for capital, administrative and routine, nursing services, and other patient care costs in the per diem rate calculation. When a Medicaid nursing facility resident is absent from the nursing home, the Medicaid program reserves the bed for the patient and continues to reimburse the nursing facility the full per diem rate for up to a specified number of days within a 12-month period: 15 days if the resident is hospitalized for acute care and 18 days if the resident is on a leave of absence.

Under the bill, the per diem rate during the patient's absence would be reduced because the calculation would no longer account for nursing services. The Department of Health and Mental Hygiene projects savings of \$50.00 per day for an expected 100,000 nursing home bed-hold days in fiscal 2000. Consequently, Medicaid expenditures are estimated to decrease by \$5.0 million in fiscal 2000, of which \$2.5 million is general funds and \$2.5 million is federal funds. Out-year estimates assume 4% inflation.

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

Fiscal Note History: First Reader - February 18, 1999
dmm/jr Revised - Updated Information - February 22, 1999

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