

**Department of Legislative Services**  
Maryland General Assembly  
2003 Session

**FISCAL AND POLICY NOTE**

House Bill 1009 (Delegate Hammen)

Health and Government Operations

Finance

---

**Nursing Facilities - Maryland Medical Assistance Program - Payment for  
Reserved Beds**

---

This emergency bill changes Medicaid reimbursement to nursing homes for a patient who has been removed from the nursing home due to hospitalization for an acute condition but who is expected to return and for whom a bed has been reserved for the patient. Medicaid must continue to pay the nursing home for the patient's care, but may not include payment for nursing services. The bill's provisions apply retroactively and affect payments made by the Department of Health and Mental Hygiene (DHMH) to a nursing facility for a reserved bed on or after July 1, 2002.

---

**Fiscal Summary**

**State Effect:** None. The bill codifies existing practice/procedure.

**Local Effect:** None.

**Small Business Effect:** None.

---

**Analysis**

**Current Law:** If a nursing home patient with Medicaid coverage is absent from the nursing home due to hospitalization for an acute condition, Medicaid must continue to make payment to the nursing home for each day that the patient is hospitalized and a bed is reserved and made available for the patient's return. Payment must be made according to the per diem payment procedures that Medicaid sets and may not be less than the per

diem payments made to the nursing home for days when the patient is present in the nursing home.

**Background:** Chapters 382 and 383 of 1999 changed the nursing home reimbursement formula in Medicaid to exclude payment for nursing services if a nursing home patient is absent from the nursing home due to hospitalization for an acute condition. The provisions terminated June 30, 2002. As a result of Chapters 382 and 383 of 1999, DHMH adjusted the Medicaid rate formula under the nursing services cost center to increase payments for nursing services based on the savings it experienced from not having to pay for nursing services when a patient was absent from the nursing home. Even though the law was abrogated June 30, 2002, DHMH has continued to use the adjusted rate formula.

**State Fiscal Effect:** The bill's provisions have no effect on Medicaid. Even though Chapters 382 and 383 were abrogated June 30, 2002, DHMH did not change reimbursement practices; the bill codifies current practice. Revenues would not be affected.

---

### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Health and Mental Hygiene (Medicaid),  
Department of Legislative Services

**Fiscal Note History:** First Reader - March 9, 2003  
ncs/jr

---

Analysis by: Susan D. John

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510