

Department of Legislative Services
 Maryland General Assembly
 2004 Session

FISCAL AND POLICY NOTE
Revised

House Bill 946 (Delegate Hubbard, *et al.*)
 Health and Government Operations

Finance

Money Follows the Individual Accountability Act

This bill facilitates relocation of nursing facility residents to home- and community-based services.

The bill takes effect July 1, 2004.

Fiscal Summary

State Effect: Medicaid expenditures could decrease by \$1.4 million (50% general funds, 50% federal funds). No effect on revenues.

(in dollars)	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	(724,500)	(779,300)	839,200	(901,600)	(969,800)
FF Expenditure	(724,500)	(779,300)	839,200	(901,600)	(969,800)
Net Effect	\$1,449,000	\$1,558,600	(\$1,678,400)	\$1,803,200	\$1,939,600

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

Local Effect: None.

Small Business Effect: Potential meaningful. To the extent more nursing facility residents transition into home- and community-based care programs, small business health care providers, such as home health agencies, could experience significant growth.

Analysis

Bill Summary: A nursing facility must refer a resident who has expressed interest in or a preference for living in the community to the Department of Health and Mental Hygiene (DHMH) or its designee for additional information and possible placement in a community-based residential setting.

For a resident who would qualify for a home- and community-based services waiver slot, DHMH must provide the resident with additional information regarding home- and community-based services, including services available under a Medicaid waiver. DHMH must assist the resident in completing any application forms or processes and assist in moving from a nursing facility to a community-based setting appropriate to the resident's needs and expressed wishes. DHMH must review the quarterly assessments submitted to the federal Center for Medicare and Medicaid Services (CMS) by each Medicaid-participating nursing facility to identify individuals indicating a preference to live in the community.

By January 1 annually, DHMH must report to the Governor and the General Assembly on: (1) DHMH's efforts to promote home- and community-based services; (2) the number of nursing facility residents referred or identified as expressing an interest in placement in the community; (3) the number of residents who transitioned from nursing facilities to home- and community-based waiver services; (4) any obstacles DHMH confronted in facilitating transitions; and (5) DHMH's recommendations for removing these obstacles.

The bill modifies current notification requirements imposed on nursing facilities. A nursing facility social worker must provide each resident information on home- and community-based services and how to obtain such services. This information must be provided when a resident indicates a preference for living in the community, either during the resident's quarterly assessment or at any other time.

Current Law: The federal Social Security Act gives states the option of requesting waivers of certain federal requirements in order to develop community-based alternatives to placing Medicaid-eligible individuals in hospitals, nursing facilities, or institutions.

Background: Medicaid home- and community-based waivers allow individuals to receive long-term care services in the community rather than an institutional setting. Maryland is approved to operate five waivers.

Waiver for Older Adults: DHMH and the Maryland Department of Aging implemented the Senior Assisted Housing Waiver in 1993. The waiver gives eligible low-income

adults a choice of receiving long-term care services in a community-based setting, rather than in a nursing facility. In 1999, the waiver was expanded to cover services in all types of licensed assisted living facilities, as well as supportive services for individuals living at home. The expanded waiver, renamed the Waiver for Older Adults, was implemented in April 2001.

Waiver for Individuals with Physical Disabilities (Living at Home Waiver): Effective April 1, 2001, the Maryland Department of Human Resources began providing services for those eligible individuals that meet a nursing home level of care and are between 21 and 59 years of age. This waiver is designed to provide consumer-directed personal assistance services for adults with physical disabilities in their own homes. Waiver services include attendant care, administrative case management, family and/or consumer training, skilled nursing supervision, personal emergency response systems, environmental accessibility adaptations, and occupational and speech/language therapies.

The bill is not expected to have significant impact on the three other waivers, the Waiver for Mentally Retarded/Developmentally Disabled Individuals, the Model Waiver for Disabled Children, and the Waiver for Individuals with Autism Spectrum Disorder.

In 2001, there were about 250 nursing facilities in Maryland, with an operating capacity of about 30,000 beds, that provided services for over 9.5 million patient days. Medicaid paid for approximately 63% of patient days, resident or family income paid for 24%, Medicare paid for about 11%, and the remaining patient days were paid by other sources. As of January 3, 2003, Maryland nursing facilities had an average 13% bed vacancy rate. There are about 37,000 people in Maryland nursing facilities. Of these, approximately 8,500 have expressed interest in returning to a community-based setting.

State Fiscal Effect: Medicaid expenditures could decrease by \$1,448,910 (50% general funds, 50% federal funds) in fiscal 2005, which reflects the bill's July 1, 2004 effective date. The information and assumptions used in calculating the estimate are stated below:

- Medicaid provides transition assistance, which includes information about waiver programs and application procedures, to 5,100 Medicaid-eligible nursing facility residents at \$525 per person (\$2,677,500);
- 765, or 15% of the 5,100, actually move into community-based services;
- 612 Medicaid enrollees move into the Waiver for Older Adults, reducing Medicaid expenditures \$7,560 per year per enrollee;
- 153 Medicaid enrollees move into the Living at Home Wavier, reducing Medicaid expenditures \$23,700 per year per enrollee;

- transitions into the community would occur throughout the year so that the average length of time after transitioning into the community is six months; and
- total savings from transitions is \$4,126,410 (50% general funds, 50% federal funds).

Future year estimates assume 1% growth in the number of individuals who transition to the community and reflect 6.5% medical inflation in the Medicaid program. The bill's reporting requirements could be handled with existing DHMH budgeted resources.

The Department of Health and Mental Hygiene (DHMH) Estimate: DHMH advises that, historically, only 7.5% of individuals interested in returning to the community actually do so. This information is based on experience of the Nursing Facility Transition Grant and the Independent Living Partnership Grant, where 1,587 individuals were actively seeking housing, of which 199 successfully transitioned to community-based services. Legislative Services advises that the percentage of individuals successfully transitioning to the community would be higher under the bill's more aggressive notification and assistance requirements.

Additional Information

Prior Introductions: None.

Cross File: SB 620 (Senator Grosfeld, *et al.*) – Finance.

Information Source(s): *2001 Occupancy Report on Nursing Homes*, Maryland Health Care Commission, Department of Health and Mental Hygiene; Department of Legislative Services

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