

Department of Legislative Services
Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE

House Bill 1047

(Delegates Hammen and Kach)

Health and Government Operations

Finance

Nursing Facility Conversion Grant Program

This bill establishes a nursing facility conversion grant program to assist specified nursing facilities convert nursing beds to other types of services.

The bill takes effect July 1, 2005.

Fiscal Summary

State Effect: To the extent capital grants are awarded, general obligation bond fund expenditures could increase. There are insufficient data to reliably determine any increase. No effect on revenues.

Local Effect: To the extent government-owned nursing facilities apply for grants, revenues could increase.

Small Business Effect: None.

Analysis

Bill Summary: The Board of Public Works (BPW), on the recommendation of the Department of Health and Mental Hygiene (DHMH), may make grants to qualified applicants for the purpose of converting nursing facility beds to other health care services deemed appropriate by DHMH. Any county, municipal corporation, or nonprofit organization may apply to DHMH for a State grant.

If a nursing facility obtains a temporary delicensure of licensed bed capacity, it does not require a certificate of need review. The Maryland Health Care Commission (MHCC) must retain the bed capacity of a facility on its inventory for up to three years, provided the owner provides written notice to MHCC at least 30 days before the proposed temporary delicensure.

The bill specifies that federal grant funds must be used first before any State funds may be applied. The bill also makes provisions for State recovery of grant monies under specified circumstances. DHMH, in consultation with MHCC and the nursing home industry must adopt regulations to implement the bill.

Current Law: MHCC must issue a CON before any health care facility may be built, developed, or established. Under specified circumstances, MHCC must issue a CON before the bed capacity of a health care facility is changed. A CON is not required if the increase or decrease in bed capacity is the lesser of 10% of total bed capacity or 10 beds.

Background: There are approximately 275 nursing homes in Maryland, with about 31,000 licensed and operating beds. As the Baby Boomer generation ages, there will be more demand for nursing facility and assisted living services. By 2040, about 20% of the U.S. population will be over 65.

While the population is aging, its needs are also changing. Many individuals do not require a nursing home level of care, and instead would prefer assisted living or adult day care services. Several jurisdictions are advocating the change of empty nursing facility beds to other health care services to better meet the demand for less-intensive services. Further, providing different levels of care in one facility, or “multi-level care center” would permit more individuals to receive a continuum of care in the same setting if their medical needs increase. In 2003, Maryland nursing facilities had an 89.25% occupancy rate.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): City of Bowie, Town of Elkton, Town of Thurmont, City of Takoma Park, City of Annapolis, Montgomery County, Prince George’s County, Harford County, Queen Anne’s County, St. Mary’s County, Judiciary (Administrative Office of

the Courts), Board of Public Works, Department of Health and Mental Hygiene, Carroll County, Department of Legislative Services

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