

Department of Legislative Services
Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE
Revised

House Bill 329 (Delegate Pendergrass)
Health and Government Operations

Maryland Medical Assistance Program - Medical Day Care - Reimbursement Rates

This bill specifies that the Medicaid reimbursement rate for medical day care must be adjusted annually by adjusting the per diem rate for the preceding fiscal year by the percentage of the annual increase or decrease in the *March Consumer Price Index for All Urban Consumers, Medical Care Component, Washington-Baltimore*, from the U.S. Department of Labor, Bureau of Labor Statistics. Any adjustments may not exceed 5% on an annual basis.

The bill takes effect June 1, 2007 and is applicable to per diem rates for services provided on or after July 1, 2008.

Fiscal Summary

State Effect: None. The bill codifies existing regulations as it pertains to the annual adjustment of the per diem rate.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Payment to a provider of medical day care services is on a per diem basis. Statute provides that the per diem rate is set by the Department of Health and Mental Hygiene (DHMH). The per diem rate for November 1, 2003 through June 30, 2004 was \$64.66. Pursuant to DHMH regulations, effective July 1, 2004, the per diem

rate must be adjusted annually by adjusting the per diem rate for the preceding fiscal year by the percentage of the annual increase or decrease in the *March Consumer Price Index for All Urban Consumers, Medical Care Component, Washington-Baltimore*, from the U.S. Department of Labor, Bureau of Labor Statistics. Any increase in the per diem rate for medical day care services may not be greater than 5%.

Background: The medical day care per diem rate in fiscal 2007 is \$71.83. In fiscal 2006, Medicaid purchased 1.1 million days of medical day care services. The Governor's proposed fiscal 2008 budget includes \$85.2 million for medical day care services, including an anticipated 3.6% increase in the per diem rate. This increase represents the average increase provided in fiscal 2005 through 2007.

State Fiscal Effect: While the bill codifies existing regulation, it could prevent DHMH from applying cost containment to the medical day care per diem in future years.

Additional Information

Prior Introductions: An identical bill was introduced in the 2006 session as SB 579. The bill passed the Senate, but no action was taken by the House Health and Government Operations Committee.

Cross File: SB 155 (Senator Kelley, *et al.*) – Finance.

Information Source(s): Department of Health and Mental Hygiene, Maryland Insurance Administration, Department of Legislative Services

Fiscal Note History: First Reader - March 2, 2007
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