



DEPARTMENT OF HEALTH

Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor · Dennis R. Schrader, Acting Secretary

February 10, 2021

The Honorable Delores G. Kelley, Chair
Senate Finance Committee
3 East
Miller Senate Office Building
Annapolis, MD 21401-1991

RE: Senate Bill 204 – Health Care Facilities – Assisted Living Programs – Memory Care and Alzheimer’s Disease Unit Regulations – Letter of Information

Dear Chair Kelley and Committee members:

The Maryland Department of Health (MDH) respectfully submits this letter of information for Senate Bill 204 – Health Care Facilities – Assisted Living Programs – Memory Care and Alzheimer’s Disease Unit Regulations. This bill would establish training, staffing ratio, and admission and discharge standards for Memory Care and Alzheimer’s disease units within assisted living programs. SB 204 does not provide enough detail on the programmatic standards and regulations necessary to determine its fiscal impact; therefore, MDH utilized several assumptions.

MDH used FY2018 baseline costs of \$22,880,586 total funds (TF) to determine the fiscal impact of increasing provider rates. An estimated approximate increase of \$15.00 per diem would be necessary to account for new training, timely assessment requirements, and staffing ratio requirements. MDH also factors in a 4% annual provider rate increase as stipulated by HB166/SB280 and assumes an annual service utilization rate of 2% based on existing state budget projections.

MDH assumes there would be associated administrative costs to enforce the additional requirements necessary to be in compliance with standards outlined in this bill. MDH would require a minimum of two full-time staff. Additionally, MDH assumes an annual increase of \$600,000 would be needed to fulfill work orders, change requests, and ongoing enhancements to their data retention and management system.

Assuming a 50% FMAP rate for all associated costs., the following represents assumed estimated costs:

- FY22: \$4,626,130 TF (\$2,313,065 FF, \$2,313,065 GF)
- FY23: \$6,255,556 TF (\$3,127,778 FF, \$3,127,778 GF)
- FY24: \$6,589,578 TF (\$3,294,789 FF, \$3,294,789 GF)
- FY25: \$6,944,415 TF (\$3,472,207 FF, \$3,472,207 GF)
- FY26: \$6,972,135 TF (\$3,486,067 FF, \$3,486,067 GF)

If passed, SB 204 would require MDH to promulgate regulations around the areas outlined in the bill. Due to COVID-19, MDH unfortunately does not have the fiscal or personnel resources to implement this bill if it is passed. Many of MDH's current personnel have already increased their workload and absorbed additional tasks that are critical to the COVID-19 response.

I hope this information is useful. If you would like to discuss this further, please contact Assistant Secretary for Health Policy Webster Ye at (410) 260-3190 or webster.ye@maryland.gov.

Sincerely,

A handwritten signature in blue ink that reads "Webster Ye". The signature is written in a cursive style with a large, stylized 'W' and 'Y'.

Webster Ye
Assistant Secretary