



**MEDICAL CARE POLICY ADMINISTRATION
DEPARTMENT OF HEALTH AND MENTAL HYGIENE**

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**MARYLAND MEDICAL ASSISTANCE PROGRAM
Nursing Home Transmittal No. 161**

June 26, 1998

Nursing Home Administrators

FROM: Joseph M. Millstone, *JMM*
Director
Medical Care Policy Administration

NOTE: Please ensure that appropriate staff members in your organization are informed of the contents of this transmittal.

Fiscal Year 1999 Interim Rates

Enclosed are the Fiscal Year 1999 interim rates for your facility. These rates are based on Regulation .07 Payment Procedures -- Maryland Facilities under COMAR 10.09.10 Nursing Facility Services.

Rates reflect the content of proposed emergency amendments which affect reimbursement parameters in the four cost centers as follows:

The Administrative/Routine ceilings are increased from 112 percent to 114 percent of the median.

The Other Patient Care ceilings are increased from 117 percent to 119 percent of the median.

- The Administrative/Routine and Other Patient Care efficiency allowances are increased from 30 percent to 40 percent of the difference between providers' costs and the ceiling, with a cap of 10 percent of the ceiling.

The Capital Rental Rate, used to calculate net capital value rental, increases from 7.07 percent to 7.87 percent.

(continued on reverse side)

The allowable profit in the Nursing Service Cost Center increases from 7 percent to 7.5 percent of the provider's nursing service rate.

Please check the provider number at the top of the enclosed rate letter to ensure that you have received the correct data. These interim rates will become effective July 1, 1998. A copy of these rates should be furnished to your accountant or bookkeeper for setting up your accounts.

All interim rate calculations are based on the cost report data submitted by you for the fiscal year ending any month in 1997 (i.e., fiscal year end dates January 1997 - December 1997). All cost reports have been indexed forward to December 1998 for interim rate calculations. Capital reimbursement is based also on the debt and lease information furnished to Clifton Gunderson L.L.C. Any significant changes in the provider's capital status (e.g., exercise of lease option to purchase) should be reported to Clifton Gunderson L.L.C. immediately.

Nursing Service Cost Center

A list of regional standard nursing service rates is attached. These rates are based on the wage survey conducted in January 1998 (100 percent response). The nursing supplies allowance included in each day of care is \$2.80 per day, an increase of 6.1 percent from Fiscal Year 1998. The supply cost factored into the reimbursement rate for tube feeding has decreased by \$6.51 and the supply cost included in the decubitus ulcer care rate decreased by \$.14.

Nursing interim rates increased in all but the Washington Metropolitan and Western Maryland Regions. The key factor in these percentage changes is that the fringe benefit factor decreased in all regions except the Central region. The changes in nursing rates by region are as follows:

Baltimore Metropolitan	+1.70%
Washington Metropolitan	-0.92%
Non-Metropolitan	+2.10%
Central	+4.92%
Western Maryland	-0.07%

The fringe benefit factors used in setting Fiscal Year 1999 nursing service rates are as follows:

Baltimore Metropolitan	25.38%
Washington Metropolitan	24.58%
Non-Metropolitan	26.19%
Central	24.08%
Western Maryland	31.64%

For providers with nursing expenditures less than the standard rates, the amount which may be allowed as profit above the provider's costs is 7.5 percent of the standard nursing service rates.

As required by regulation, facilities which did not spend at least 85 percent of their Fiscal Year 1997 nursing payments will receive reduced Fiscal Year 1999 interim nursing payments. For these facilities, page 1 of the rate letter will indicate the percentage of standard per diem nursing rates they will receive.

Administrative/Routine Cost Center

Fiscal Year 1999 ceilings are set at 114 percent of the median day cost.

Ceiling Rates:	Baltimore Metropolitan	\$41.63
	Washington Metropolitan	48.10
	Non-Metropolitan	36.23
	Small Facilities	41.95

Ceilings have increased in all four reimbursement classes, although only marginally in the Non-Metropolitan and Small Facilities regions. In the Baltimore and Washington regions the higher ceilings are a result of higher median indexed costs and the fact that the ceiling calculation has been changed from 112 to 114 percent of the median. In the latter two regions median indexed costs decreased, hence the increases in ceilings are due exclusively to the revision of the ceiling calculation from 112 to 114 percent of the median. When compared with the ceilings in effect during Fiscal Year 1998, the increases are as follows:

Baltimore Metropolitan	+4.44%
Washington Metropolitan	+2.41%
Non-Metropolitan	+1.00%
Small Facilities	+1.43%

Efficiency Allowance: 40 percent of the difference between cost and the ceiling, but no more than 10 percent of the ceiling.

Other Patient Care Cost Center

Fiscal Year 1999 ceilings are set at 119 percent of the median day cost.

Ceiling Rates:	Baltimore Metropolitan	\$15.33
	Washington Metropolitan	17.77
	Non-Metropolitan	14.20

Ceilings have increased in all three regions. Increases are attributable to higher median indexed costs and the fact that the ceiling calculation has been changed from 117 to 119 percent of the median. When compared with the ceilings in effect during Fiscal Year 1998, the increases are as follows:

Baltimore Metropolitan	+ 6.02%
Washington Metropolitan	+ 3.37%
Non-Metropolitan	+12.70%

Efficiency Allowance: 40 percent of the difference between cost and the ceiling, but no more than 10 percent of the ceiling.

Capital Cost Center

For Fiscal Year 1999 rate setting, facility appraisals were indexed as follows:

<u>APPRAISALS</u>	<u>LAND</u>	<u>BUILDING</u>	<u>EQUIPMENT</u>
Dated March 1995	1.0947	1.0818	1.0553
Dated March 1996	1.0733	1.0758	1.0357
Dated March 1997	1.0472	1.0445	1.0196

The Fiscal Year 1999 appraisal limit is \$38,593.42/bed.

The Fiscal Year 1999 equipment allowance is \$3,499.35/bed.

Capital Rental Rate: 7.87%

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Any questions regarding this transmittal or the rates on the enclosed listings should be directed to the Nursing Home Section of the Division of Long Term Care at (410) 767-1444 or, for nonlocal calls within Maryland, 1-800-685-5861 ext. 1444.

JMM/ra
Enclosures

cc: Nursing Home Liaison Committee

FISCAL YEAR 1999 NURSING SERVICE RATES

<u>PATIENT CLASSIFICATION OR NURSING PROCEDURE</u>	<u>BALTO</u>	<u>WASH</u>	<u>NON METRO</u>	<u>CENTRAL</u>	<u>W MD</u>
Light Care	\$31.66	\$33.31	\$30.63	\$31.63	\$29.45
Moderate Care	39.98	42.02	38.56	39.95	37.16
Heavy Care	52.44	55.24	50.49	52.43	49.18
Heavy Special Care	52.92	55.75	50.95	52.91	49.63
Decubitus Ulcer Care	11.28	11.33	10.59	11.23	9.11
Class A Support Surface	22.46	22.46	22.46	22.46	22.46
Class B Support Surface	87.88	87.88	87.88	87.88	87.88
Communicable Disease Care-Level 1	82.90	86.64	79.50	82.68	74.44
Communicable Disease Care-Level 2	140.47	146.80	134.71	140.10	126.14
Central Intravenous Care	43.04	43.10	40.04	41.06	34.29
Peripheral Intravenous Care	9.69	9.70	9.01	9.24	7.72
Tube Feeding (Medicare-eligible)	16.58	16.66	15.52	16.51	13.22
Tube Feeding (Medicaid only)	20.11	20.19	19.05	20.04	16.75
Ventilator Care	283.29	283.95	272.22	280.70	248.97
Turning and Positioning	4.87	5.25	4.70	4.89	4.97
Ostomy Care	2.78	2.79	2.60	2.77	2.21
Aerosol Oxygen Therapy	2.47	2.48	2.31	2.45	1.97
Suctioning	5.85	5.88	5.47	5.82	4.66
Injection-single	2.21	2.22	2.07	2.20	1.76
Injections-multiple	4.42	4.45	4.14	4.41	3.53
Patient Transition Management	15.73	16.57	15.15	15.73	14.75