

VOTE “NO” TO INCREASING THE NURSING FACILITY QUALITY ASSESSMENT (SB141/HB151: BRFA pg. 17/18)

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WHAT IS THE QUALITY ASSESSMENT?

The State implemented the nursing facility quality assessment, known nationally as the “**provider tax**,” in 2007. Under the legislation, each nursing facility bed is assessed two-percent. This money is then matched with federal monies and ALL the money generated should be used to increase nursing facility reimbursement. However, while each bed is assessed, ONLY Medicaid beds receive the federal match. Private pay beds pay the assessment but receive no additional monies.

HOW DOES THE BRFA DIFFER FROM THE ORIGINAL LEGISLATION?

- **Increases** the tax from 2% to 4% – against the agreement made by the industry in 2007.
- **Reduces** the amount of funding for nursing facilities from 100% to “AT LEAST 65%”.
 - Nursing facilities will NOW be directly subsidizing the General Fund on the backs of the elderly. The proposed FY2011 budget takes \$17 million from this proposal and deposits it into the General Fund. This is in addition to the monies already being used by the State from this proposal. This State is currently receiving a 62% federal match on the tax but only directing a 50% match to the reimbursement system, arguably in violation of the legislation. In essence, the nursing facilities are giving twice to the General Fund.
 - Nursing facilities have been told that they may receive a two percent increase in rates (not in the legislation), which is inadequate to offset the number of facilities that will be harmed by this proposal.

INCREASING THE ASSESSMENT IS BAD FOR THE ELDERLY AND THE STATE

- **Penalizes** residents who pay for their own care because they pay the assessment but receive NO enhanced reimbursement. The State has always encouraged seniors to save and pay for their own care. The award – an increase in the private pay rates.
- **Disproportionately harms** an estimated **68 nursing facilities** and their residents, which results in these facilities having less money to provide care to their residents.¹ Would you you’re your Mom and Dad to be in one of these nursing facilities?
- **Fails** to recognize that continued rate cuts have erased any gains initially received by nursing facilities when the assessment was implemented. In FY2010, nursing facilities received a \$132 million cut and again will receive no inflationary adjustment for the upcoming year. However, nursing facilities are still assessed 2%, even though they are no longer fully funded. Nursing home must now use precious dollars to pay for the assessment rather than patient care.
- **Risks** the number of “losers” increasing if any additional cuts on imposed on nursing facilities in future years. Again, senior care should not be a gamble.
- **Artificially inflates** rates which will be unsustainable in future years when the federal match is decreased from 62.5%. This will be further exacerbated if Congress eliminates this funding gimmick.

¹ It is impossible to determine with certainty how many nursing facilities and their residents may be harmed by this proposal. Current available data is two years old and fails to accurately reflect patient payer mix and acuity levels of residents. Providers will be assessed based on their current patient payer mix and acuity levels. As such, the range of nursing facilities that could be negatively affected may be between 34 and as high as 112.

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- The Quality Assessment is a **\$2400 annual tax on Maryland’s frail elderly**, who pay full price and more for their health care needs.
- It **punishes** private pay seniors – those seniors that pay for their own care rather than rely on Medicaid. These seniors pay the tax but don’t receive the benefit.
- Approximately sixty-eight (68) nursing facilities could be **harmed** under this proposal and receive **less money** to provide care. This number could be as high as 112 nursing facilities, depending on patient mix at the time the tax is assessed.
- SB141/HB151 **reverses** an agreement made by the industry for its support on the program 3 years ago when ALL revenue received from the program was required to go to nursing facilities. SB141/HB151 now changes it to only 65%.
- The State is “**double-dipping** into this program” on the backs of nursing facility residents – 1) not providing nursing facilities with the FMAP; and 2) taking \$17 million away from the program for the General Fund.
- Maryland shouldn’t rely on “**funding gimmicks**” that hurt nursing facility residents as a way to balance the budget.
- Maryland nursing facilities and their residents have already been **hurt enough** by constant budget cuts and eligibility non-payments.

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