



TESTIMONY BEFORE THE HEALTH AND HUMAN RESOURCES
SUBCOMMITTEE OF THE HOUSE APPROPRIATIONS COMMITTEE

February 25, 2009

Budget Hearing: Medical Care Programs

As Maryland prepares to receive approximately \$3.8 billion from the American Recovery and Reinvestment Act, LifeSpan Network urges the committee to: (1) restore previous rate reductions to nursing facilities; and (2) allocate a one-time appropriation for the development and implementation of a new medical assistance eligibility system.

Increase/Maintain Quality of Care Standards in Nursing Homes:

- **Restore Rate Reductions to Nursing Facilities**

Over the last two years, the State has reduced nursing facility rates approximately \$125 million. Given that nursing facilities will not be receiving an inflationary adjustment in FY2010, this amount will increase by \$30-50 million. This is an unprecedented number. As a result of these reductions, nursing facilities are being forced to balance operating costs with the maintenance of quality of care standards for our vulnerable and frail residents. In order to achieve this balance, nursing facilities are making tough decisions, such as reducing contributions to employee pensions, increasing the amount employees must pay for health care, reducing benefit plan options and limiting overtime hours. Consequently, employees have borne the brunt of these rate reductions.

Restoring provider rates will have the stimulating effect on the economy intended by the American Recovery and Reinvestment Act. Nursing facilities will be able to reverse recent cost containment actions, which will allow more money to flow to employees and through the economy. Most importantly, nursing homes will then be able to remain competitive with other health care industries, ensuring that our residents are cared for by high-quality professionals. In addition, nursing facilities will be able to maintain/increase quality of care standards. It is important to note that, despite the lack of funding to providers and to the enforcement agencies, nursing homes have done their best to maintain quality standards for their residents. In the 2007 Maryland Nursing Home Family Satisfaction Survey, 88% of individuals reported that they would recommend the nursing home to another individual. Providers have also developed their own quality of care initiatives, such as the national *Advancing Excellence Campaign*. As part of this campaign, key indicators are monitored (both clinical quality and

organizational improvement goals) and training and resources are provided to nursing homes on achieving these goals. However, it is becoming more difficult to maintain these standards as rates continue to decline.

- **Fund Enforcement and Oversight Agencies**

While these issues were brought to the Committee's attention during the Office of Health Care Quality's budget hearing, they are vital to increasing quality of care in the Medicaid program and need to be reiterated. The Office of Health Care Quality is **deficient 83 surveyors**, with the most pronounced deficits occurring in the Long-Term Care Unit, Developmental Disabilities Unit and the Ambulatory Care Unit. According to the budget analysis, survey shortfalls prevent OHCQ from fulfilling its State and federally required survey and inspection requirements. As of December 31, 2008, OHCQ had 14.8 vacant positions, of which 7.8 positions perform survey and inspection activities. Section 18 of the budget bill indicates that 200 vacant positions will be eliminated from DHMH. Consequently, it is a strong possibility that OHCQ staffing issues will be exacerbated in the near future. The Department of Legislative Services has recommended budget language that would prohibit the abolishment of positions engaged in survey and inspection activities. LifeSpan and the Alzheimer's Association support this language and have requested that support staff also be included in this language.

Allocate a One-Time Allocation for a New Medical Assistance Eligibility System

Unfortunately, Maryland's current Medicaid eligibility system is broken. Upgrading and replacing Maryland's antiquated and inefficient Medicaid eligibility system must be a top priority for the State. It is our understanding that the Department of Health and Mental Hygiene is again examining replacing this system and plans to release a Request for Proposals for the design of the system this fall. While money has been included in the FY2010 budget for these efforts, no funds have been provided for the actual development and implementation of a new system. Unlike other funding initiatives, the design and implementation of a new Medicaid information technology system would be a one-time funding allocation. Given that Maryland would receive a 90% federal match on the MMIS portion and a 50% federal match on the CARES portion, it is in the best interest of the State to use funds received from the American Recovery and Reinvestment Act for this purpose.

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