



The Business Case for Maryland Nursing and Rehabilitation Centers

Fast Facts

Nursing and Rehabilitation Centers can be found in every community in Maryland and are often significant providers of health care and one of the largest employers in smaller, rural communities:

- Nursing and rehabilitation centers directly employ approximately 36,000 employees in Maryland with an annual payroll of \$1.5 billion;
- When multiplier effects are considered, the skilled nursing industry supports in total more than 46,000 jobs in Maryland with associated income of \$2 billion; and
- The average annual wage in a nursing and rehabilitation center in Maryland is approximately \$41,000.ⁱ

Nursing and Rehabilitation Centers are a robust economic engine in Maryland:

- The presence of nursing and rehabilitation centers supports more than \$5.5 billion of revenue or sales for other Maryland businesses;
- Income taxes paid by employees of centers account for more than \$110 million in state and local income tax collections annually; andⁱⁱ
- Additionally, centers pay tens of millions of dollars in property taxes, as well as sales and use, corporate, and other taxes annually.

The face of the resident and patient in Nursing and Rehabilitation Centers in Maryland is different from the public perception of people served by centers:

- 70 percent of people cared for by nursing and rehabilitation centers in Maryland are short-term rehabilitation patients who stay less than 30 days;
- From 2001 to 2008 residents and patients served by nursing and rehabilitation centers under the age of 65 grew by 26 percent;ⁱⁱⁱ
- The proportion of younger patients in centers is on the rise. Many of these patients are victims of violence, HIV positive, or have suffered some form of trauma that severely limits their independence; and
- Nursing and rehabilitation centers provide a range of post-acute services including sub-acute care, rehabilitation, and long-term care.



Maryland nursing & rehabilitation centers offer quality care, value & exceptional consumer satisfaction:

- Nine out of 10 people associated with a specific nursing and rehabilitation center would recommend that facility to friends and family;^{iv}
- Maryland nursing and rehabilitation centers provide a social environment that is not available to patients that are hospitalized, where isolation and lack of interaction with other patients can contribute to a less appealing ambience; and
- On average, the cost of a patient day at a Maryland nursing and rehabilitation center is \$330. Similar services provided in Maryland hospitals average \$846 per patient day – 156 percent higher than the average cost per patient day of service provided by a nursing and rehabilitation center^v. For example:
 - Nursing and rehabilitation centers can provide ventilator care service at a cost of at least 55 percent less than Maryland’s chronic hospitals. According to data from DHMH in October 2010, almost \$1.6 million was spent for ventilator dependent patients over the month at five chronic hospitals in Maryland. If that care would have been provided in Maryland nursing and rehabilitation centers, the savings to the state and taxpayers would have been approximately \$900,000.^{vi}

The cost of cuts to date:

- Maryland’s Medicaid program underfunds the actual cost of providing nursing and rehabilitative care by \$64.8 million annually;
- There have been more than \$180 million in state cuts to Medicaid over the past three fiscal years; and
- When broken down by the hour Medicaid in Maryland pays about \$8.87 an hour, per hour, to care for people served by nursing and rehabilitation centers to cover the majority of services including direct care, dietary, shelter, and care management.^{vii}

Looking ahead:

- With the aging of Maryland’s population will come economic opportunity, the potential for quality job creation in long-term care, and increased need for long-term care and rehabilitative services, including that care performed in nursing and rehabilitative centers;
- Between 2000 and 2030, the number of Marylanders age 65 years and older is expected to grow more than three times faster than the growth for the total population;
- In 2000, one Marylander in nine was at least 65 years old. By 2030, it is projected that more than one in six Maryland residents will be at least 65 years old (from fewer than 600,000 to well over 1.2 million people). A Maryland resident will turn 65 every 17 minutes from 2010 to 2030;^{viii}

- At five times the rate of overall statewide population growth, expansion in the Maryland population aged 85 and older will be even faster (from 67,000 to nearly 177,000 people); and
- Given the health trends and demographics of aging in Maryland and the increased varied role played by Maryland nursing and rehabilitative centers in delivering a wide array of care to Marylanders of all ages, the current economic and employment impact of the industry will undoubtedly grow in the next decade.

ⁱ Sage Policy Group, "The Future of Health Care in Maryland: Nursing and Rehabilitation Centers, a Compelling Value Proposition," January 31, 2011. Prepared for Health Facilities Association of Maryland.

ⁱⁱ Sage Policy Group, IMPLAN

ⁱⁱⁱ The Hilltop Institute, "Medicaid long-term supports and services in Maryland: nursing facilities," December 4, 2009. Prepared for Maryland Department of Health and Mental Hygiene.

^{iv} Maryland Health Care Commission and Market Decisions, LLC, "2009 Maryland nursing facility family survey: Statewide report," February 2010.

^v Sage Policy Group, "The Future of Health Care in Maryland: Nursing and Rehabilitation Centers, a Compelling Value Proposition," January 31, 2011. Prepared for Health Facilities Association of Maryland.

^{vi} Personal communication, Neal Karkhanis, Health Facilities of Maryland, to John Duberg, Sage Policy Group, January 6, 2011. Data on chronic hospital charges for ventilator dependent patients was provided by Susan Panek, Deputy Director of DHMH.

^{vii} Medicaid payment rate of \$212.88 divided by 24 hours.

^{viii} Maryland Department of Planning, Maryland State Data Center, population projections, <http://planning.maryland.gov/>