



March 20, 2020

The Honorable Lawrence J. Hogan, Jr.
Governor of Maryland
100 State Circle
Annapolis, MD 21401

The Honorable Boyd Rutherford
Lt. Governor of Maryland
100 State Circle
Annapolis, MD 21401

Dear Governor Hogan and Lt. Governor Rutherford:

Thank you for all you and your teams are doing as we face the historic healthcare and economic crisis that is the COVID-19 pandemic. As you know from your leadership in this unprecedented time, our public-private infrastructure, workforce, supply chain, and stockpiles were not designed for this type of national emergency.

With staffing, healthcare capacity, and shortages of critical supplies, we are adapting under a new set of rules to work our smartest in order to control, mitigate, and flatten the curve of COVID-19. Under your leadership, we are together navigating uncharted and deadly waters. Please know that throughout this crisis, we will remain at your side, we will advise, and we will continue to unapologetically lead the long-term and post-acute care sector.

Congress passed and the President enacted a relief package for states that includes a 6.2 percent temporary increase in the Medicaid federal medical assistance percentage (FMAP). For Maryland, this 6.2 percent increase adds \$580 million to match state Medicaid resources. The increased match is available to states retroactively, beginning January 1, 2020, and will continue until the last month of the quarter when the National State of Emergency ends. **It is critical that we get these funds now via the rate to skilled nursing and rehabilitation centers to maintain cashflow and support workforce and quality care as we enter the COVID-19 pandemic surge.**

Our Recommendations:

- Retroactively apply the four percent Medicaid rate increase for skilled nursing and rehabilitation centers passed by the Maryland General Assembly in the budget and BRFA for FY21 beginning January 1, 2020 and continue until June 30, 2021. With the enhanced FMAP match of 6.2 percent, implementing this will require \$30 million in state dollars (less in state dollars because of the enhanced state match) and will provide a total estimate of \$65 million with the enhanced federal match. This is critical for Maryland skilled nursing and rehabilitation centers as they continue providing quality care during this pandemic.
- Implement a COVID-19 Medicaid add-on rate of three percent to be effective April 1, 2020 and continue until the last month of the quarter when the National State of Emergency ends. This COVID-19 add-on would be designed similar to Maryland's long-established ventilator add-on for nursing homes. This recommendation will require \$25.6 million in state dollars and will provide a total estimate of \$55.8 million with the enhanced federal match to fund critically needed care being provided by Maryland skilled nursing and rehabilitation centers.
- Effective April 1, 2020 and continuing until the last month of the quarter when the National State of Emergency ends, Adult Day and Medical Day providers should be paid Medicaid rates based on their average monthly Medicaid census for February 2020 regardless of current census in order to preserve this critical healthcare capacity.



Justification:

Skilled nursing and rehabilitation centers are now and will increasingly be a critical partner to hospitals, especially when the care surge surpasses capacity. As part of Maryland's six-stage hospital bed surge plan, hospitals will urgently need to continue discharging patients to nursing homes.

We anticipate that as we navigate the incoming surge, costs will likely rise by 16 - 19 percent due to extreme staffing shortages, paying bonuses, and widespread overtime as a result of staff quarantining at home. Nursing homes will also need to pay premium prices for supplies and enhance technology such as iPads and laptops for family visitation and telemedicine. In addition, nursing homes will now increasingly need to pay for high-cost prescription drugs for patients that are not normally transferred to our setting because their medications are only covered in hospitals.

The 16 - 19 percent estimate is just on the cost side and does not include the lost revenue associated with an admission ban due to COVID-19. While the state obviously cannot pay a 16 - 19 percent Medicaid increase, it can institute the recommended base increase and add-on. Also, during the COVID-19 pandemic we must assume that Marylanders who present themselves for care across the continuum, including nursing homes, are Medicaid eligible.

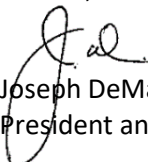
As you know from our meetings and correspondence, HFAM members and skilled nursing and rehabilitation centers across the state have been preparing for COVID-19 since January. Our sector's main goal right now is to stay prepared and to prevent and slow the entry of COVID-19 in our centers. We will continue to partner with you and your teams, as well as other state and national agencies, to effectively manage the impacts of COVID-19 as it continues to spread.

Our primary goal in Maryland and across the nation is to dramatically disrupt the community spread of COVID-19 in order to suppress the incoming surge of patients to the healthcare system. As we move forward, it is critical to maintain the quality care capacity of skilled nursing and rehabilitation centers so they can take clinical transfers from hospitals and free up acute beds.

Skilled nursing and rehabilitation centers and all providers across the continuum of care will be managing this pandemic amid severe staffing and supply shortages. Therefore, we must make these necessary steps now to ensure that providers have support and funding to adapt and focus on providing the highest quality care possible.

Again, we are thankful for your leadership and will continue to be a partner as we navigate these unprecedented times. Please know that we will also continue to advocate for those in need and will share resources and information with those on the front lines providing care.

Be well,


Joseph DeMattos
President and CEO

CC: The Honorable Robert R. Neall, Secretary, MD Department of Health
The Honorable Dennis Schrader, Chief Operating Officer and Medicaid Director, MD Department of Health
The Honorable David Brinkley, Secretary, Department of Budget and Management
The Honorable Adrienne Jones, Speaker, Maryland House of Delegates
The Honorable Bill Ferguson, President, Maryland Senate
HFAM Board of Directors