



June 4, 2020

The Honorable Lawrence J. Hogan
Governor
Office of the Governor
100 State Circle
Annapolis, MD 21401

Mr. David R. Brinkley
Secretary
Department of Budget and Management
45 Calvert Street
Annapolis, MD 21401

Dear Governor Hogan and Secretary Brinkley:

On behalf of the members of the Health Facilities Association of Maryland (HFAM), we appreciate all that you and your teams have been doing to lead Maryland through the healthcare and economic crisis that is the global COVID-19 pandemic. We are writing to urge the application of the four percent Medicaid rate increase that was approved in the Fiscal Year 2021 (FY21) Budget and Budget Financing and Reconciliation Act to the Medicaid rate for skilled nursing and rehabilitation centers effective July 1, 2020.

Since the early adjournment of the Maryland General Assembly on March 18, we have all faced unprecedented challenges. While the immediate daily tasks in both our professional and personal lives have shifted towards a sole focus on fighting COVID-19, we remain dedicated to our shared goal of providing and protecting quality care for Marylanders in need.

As you know, HFAM members provide the majority of post-acute and long-term care to Marylanders in need: more than six million days of care across all payer sources annually, including more than four million Medicaid days of care and more than one million Medicare days of care. Thousands of Marylanders across the state depend on the high-quality services that our skilled nursing and rehabilitation centers offer every day.

In terms of the state budget, the pandemic, and the economy, we are all in extraordinary and challenging times. We are thankful that before the General Assembly adjourned, a budget was passed that included a four percent increase in the long-term care Medicaid rate for FY21, which is estimated to be \$28.7 million in general funds.

This four percent increase for FY21, along with the previous FY19 and FY20 three percent increases, is critical to ensure continued access to quality care for Marylanders in need, to preserve jobs, to bend the total cost of care curve, and now to manage, get through, and recover from the COVID-19 pandemic.

As we approach a new fiscal year during an unprecedented crisis, we know that State government budget cuts will be significant and we appreciate that so far, the State has not made cuts to the Maryland Department of Health (MDH). We will continue to work with you and other leaders to ensure that the four percent long-term care Medicaid rate increase is fully allocated.



Long-term and post-acute care funding has always been critical to protect quality care for Marylanders in need and to protect healthcare jobs. It is now especially important given the critical role that skilled nursing and rehabilitation centers continue to play as the pandemic evolves throughout the summer, fall, and winter.

Costs have risen due to staffing shortages, bonus and overtime pay, enhanced technology to manage telehealth and family visits, extremely inflated PPE costs, and the need to pay for high-cost medications for patients not normally transferred to our setting. In addition, due to admissions bans, these facilities have been operating at a much lower census and have struggled to meet even regular payroll and basic costs.

Going forward, testing for COVID-19 will cost nursing homes across the nation billions of dollars and in Maryland, millions of dollars. Ideally, the State of Maryland would continue to take the lead in providing and coordinating testing in our sector.

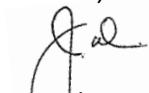
Even before COVID-19 struck, skilled nursing and rehabilitation centers in Maryland already provided clinical care comparable to hospitals, sans emergency departments and surgery suites. Because the majority of residents in skilled nursing and rehabilitation centers often have severe, multiple comorbidities, and high activities of daily living (ADLs), the vast majority of people cared for in our centers would otherwise receive care in hospitals at a much higher cost.

It is also because the majority of residents in our centers are older, with severe and multiple chronic conditions, that they have been most at risk of severe illness or death from COVID-19. Skilled nursing centers across Maryland have made unprecedented investments in response to this ongoing crisis and since late January, HFAM has been working with our partners to effectively navigate these uncharted waters.

Our sector's success depends on adequate staffing, which in turn depends on adequate wages. Paying competitive wages is a key part of recruiting and retaining trained and effective staff who provide 24/7 quality care and improve lives of the most vulnerable Marylanders even in the most trying times.

Again, thank you so very much for all that you do. We look forward to our continued work together to fully allocate the four percent increase in the long-term care Medicaid rate necessary to protect quality care for Marylanders in need, and our continued steadfast partnership to prevent any cuts to our rates during the critical times ahead.

Be well,



Joseph DeMattos
President and CEO

CC: Roy McGrath, Chief of Staff, Office of the Governor
The Honorable Adrienne Jones, Speaker, Maryland House of Delegates
The Honorable Bill Ferguson, President, Maryland Senate
The Honorable Robert R. Neall, Secretary, Maryland Department of Health
Carville Collins, DLA Piper
HFAM Board of Directors