



STATE OF MARYLAND

**DHMH**

Office of Health Services  
Medical Care Programs PT9-03

Maryland Department of Health and Mental Hygiene  
201 W. Preston Street • Baltimore, Maryland 21201  
Parris N. Glendening, Governor - Georges C. Benjamin, M.D., Secretary

**MARYLAND MEDICAL ASSISTANCE PROGRAM  
Nursing Home Transmittal No. 178**

December 16, 2002

Nursing Home Administrators  
*Susan J. Tucker*  
**FROM:** Susan J. Tucker, Executive Director  
Office of Health Services

**NOTE:** Please ensure that appropriate staff members in your organization are informed of the contents of this transmittal.

Proposed Amendments to Nursing Facility Services Regulations

**ACTION:**  
Proposed Regulations

**PROGRAM CONTACT PERSON:**  
Stephen E. Hiltner, Supervisor  
Nursing Home Program  
(410) 767-1447

**WRITTEN COMMENTS TO:**  
Michele Phinney  
201 W. Preston Street, Room 521  
Baltimore, Maryland 21201  
(410) 767-6499

**COMMENT PERIOD EXPIRES:** January 13, 2003

The Maryland Medical Assistance Program is promulgating proposed amendments to Regulations .15 and .16 under COMAR 10.09.10 Nursing Facility Services.

These amendments are intended to prevent unnecessary transfer of nursing facility residents to other facilities in the event of a nursing home bankruptcy. The amendments remove barriers that may otherwise discourage a buyer from purchasing a bankrupt nursing facility.

Specifically, the amendments exempt the seller of a bankrupt facility from requirements to either post an indemnity bond or assure that the purchaser will assume the financial obligations of the current owner. The amendments also allow the purchaser to receive an exemption from the reimbursement formula's occupancy standard if the facility had low occupancy at the time of purchase.

The amendments, as submitted for publication in the Maryland Register, are attached. Any questions regarding this transmittal should be directed to the Nursing Home Section of the Division of Long Term Care Services at (410) 767-1444.

cc: Nursing Home Liaison Committee

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**.15 Change of Ownership.**

**A. The current owner shall:**

1) (text unchanged)

**(2) Before the date of the change of ownership,**

of a facility not in bankruptcy, post an indemnity

bond or standby letter of credit, or provide some assurance satisfactory to the Program that the purchaser will assume and be responsible for all financial obligations of the current owner. The bond or standby letter of credit shall be in the amount of 1 month's Medicaid billings for each unsettled fiscal period outstanding. This amount shall equal the median monthly payment for each unsettled fiscal period.

B. – E. (text unchanged)

**.16 Selected Costs — Allowable.**

The following costs are allowable in establishing interim and final per diem payment rates:

A.- E. (text unchanged)

**F. Bed Occupancy.**

(1) – (4) (text unchanged)

(5) A waiver of the occupancy standards described in §F(1) and (2) of this regulation may be made by the Department under the following conditions:

(a) – (d) (text unchanged)

(e) For a period not to exceed 12 months after a new provider acquires an existing facility which was in bankruptcy and operated below the occupancy standard at the time of purchase; or

[(e)] (f) (text unchanged)

(6) – (8) (text unchanged)

GEORGES C. BENJAMIN, M.D.  
Secretary of Health and Mental Hygiene