TO THIS SUBSECTION BASED ON THE ACCOUNTABILITY MEASURES DEVELOPED UNDER THIS PARAGRAPH.

(III)   THE DISTRIBUTION OF REVENUES AS PROVIDED IN THIS PARAGRAPH SHALL BE USED AS AN INCENTIVE FOR NURSING FACILITIES TO PROVIDE QUALITY CARE AND MAY NOT BE USED TO DIRECTLY OR INDIRECTLY HOLD HARMLESS ANY NURSING FACILITY.

(E)   THE DEPARTMENT SHALL ADOPT REGULATIONS TO IMPLEMENT THIS SECTION.

(F)   ON OR BEFORE MARCH 1, 2008, AND EACH YEAR THEREAFTER, THE DEPARTMENT SHALL REPORT TO THE GENERAL ASSEMBLY, IN ACCORDANCE WITH § 2–1246 OF THE STATE GOVERNMENT ARTICLE, ON THE IMPLEMENTATION OF THIS SECTION, INCLUDING:

(1)   THE PERCENTAGE AND AMOUNT OF THE ASSESSMENT CHARGED TO EACH NURSING FACILITY SUBJECT TO THIS SECTION;

(2)   THE NUMBER OF NURSING FACILITIES SUBJECT TO THIS SECTION WITH A NET LOSS; AND

(3)   A COMPARISON OF THE TOTAL AMOUNT PROVIDED IN THE MEDICAID BUDGET FOR NURSING HOME REIMBURSEMENT IN THE CURRENT FISCAL YEAR TO THE AMOUNT PROPOSED FOR THE UPCOMING FISCAL YEAR.

SECTION 2. AND BE IT FURTHER ENACTED, That the Department of Health and Mental Hygiene:

(1)   shall seek approval from the Centers for Medicare and Medicaid Services of a waiver under § 1903 of the federal Social Security Act that would allow the State to receive tax revenue (within specified limitations) without a reduction in federal financial participation, specifically by excluding a continuing care facility from the definition of "nursing facility" under § 19–310.1 of the Health – General Article as enacted by this Act nursing home bed in a continuing care retirement community under § 19–310.1(a)(2) of the Health – General Article, as enacted by Section 1 of this Act; and

(2)   may modify the minimum licensed bed capacity of a nursing facility subject to the imposition of a quality assessment under § 19–310.1 of the Health – General Article, as enacted by Section 1 of this Act, or other elements that determine the quality assessment, as required by the Centers for Medicare and Medicaid Services as a condition for the approval of the waiver applied for under item (1) of this section.