

# MAINE STATE LEGISLATURE

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ONE HUNDRED AND EIGHTH LEGISLATURE

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Legislative Document

No. 192

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H. P. 178

House of Representatives, February 2, 1977

Reported by Mr. Goodwin from the Committee on Health and Institutional Services, pursuant to H. P. 1724. Printed under Joint Rules No. 17.

EDWIN H. PERT, Clerk

Filed by the Joint Standing Committee on Institutional Services under Joint Rule 17, pursuant to House Paper 1724.

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STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED  
SEVENTY-SEVEN

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**AN ACT to Require the Department of Human Services to Make Reimbursements to Nursing Homes and Most Boarding Homes on the Basis of Reasonable Operating Costs.**

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Be it enacted by the People of the State of Maine, as follows:

**Sec. 1. 22 MRSA § 1708, sub-§ 2, 1st 4 sentences, as repealed and replaced by PL 1975, c. 365, § 1, are amended to read:**

A nursing home, as defined under section 1812-A, or any portion of a hospital or institution operated as a nursing home, when the State is liable for payment for care, shall be reimbursed at a rate established by the Department of Human Services pursuant to this subsection. ~~The department shall not establish a so-called "flat rate"~~ The department shall establish for each nursing home a payment rate or ~~payment~~ rates relating to various types of care provided in ~~the particular~~ nursing home. Such rate or rates shall be based on the operating costs attributable to ~~each the particular~~ nursing home as determined by such accounting and auditing standards and procedures as the department may establish. ~~The department shall not establish a so-called "flat rate" or any payment rates which are based on an average of operating costs attributable to a number of nursing homes which have been grouped together according to any criteria.~~

**Sec. 2. 22 MRSA § 7907 is enacted to read:**

**§ 7907. Reimbursements to large boarding care facilities**

When the State is liable for payment for care provided by a boarding care facility, the facility shall be reimbursed at a rate established by the depart-

ment. The department shall establish for each boarding care facility with a capacity of more than 6 beds, and for each facility with a capacity of 6 or fewer beds which receives reimbursements other than on a flat-rate basis as specified in section 7906, a payment rate or rates relating to various types of care provided in the particular boarding care facility. Such rate or rates shall be based on the operating costs attributable to the particular boarding care facility, as determined by such accounting and auditing standards and procedures as the department may establish. The department shall not establish any payment rates which are based on an average of operating costs attributable to a number of boarding care facilities which have been grouped together according to any criteria. This section shall apply to all funds, including federal funds, paid by any agency of the State to a boarding care facility for resident care. The provisions of this section shall apply, notwithstanding any other provisions of the law.

#### STATEMENT OF FACT

This bill has been proposed by the Committee on Health and Institutional Services of the 107th Legislature, as a result of its study of mental retardation services (H. P. 1724).

This bill prohibits the Department of Human Services from establishing payment rates for nursing homes and most boarding homes which would be based on the average operating costs of a number of homes grouped together according to various criteria. In effect, the bill requires the department to continue with its system of reimbursements based on the reasonable costs of operating individual homes.