

# MAINE STATE LEGISLATURE

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1 SECOND REGULAR SESSION  
2

3 ONE HUNDRED AND TWELFTH LEGISLATURE  
4

5 Legislative Document

No. 2046

6  
7 S.P. 814

In Senate, February 21, 1986

8 Approved for introduction by a majority of the Legislative Council  
9 pursuant to Joint Rule 26.

10 Reference to the Committee on Human Resources suggested and ordered  
11 printed.

JOY J. O'BRIEN, Secretary of the Senate

Presented by Senator Violette of Aroostook.

12 Cosponsored by Speaker Martin of Eagle Lake, Representative Nadeau  
13 of Lewiston and Representative Carroll of Gray.

14 STATE OF MAINE  
15

16 IN THE YEAR OF OUR LORD  
17 NINETEEN HUNDRED AND EIGHTY-SIX

18 AN ACT to Provide a Reasonable Increase for  
19 State Reimbursement to Boarding Care  
20 Facilities, to Allow for Periodic Cost-  
21 of-living Adjustments and for Other  
22 Purposes.

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

25 Sec. 1. 22 MRSA §7907, as enacted by PL 1977, c.  
26 708, §1, is repealed and the following enacted in its  
27 place:

28 §7907. Boarding care payments

29 1. Reasonable cost basis. The department shall  
30 reimburse each boarding care facility based upon the  
31 reasonable cost of operating the facility.

32 2. Ceiling. The department may not impose a  
33 ceiling on reimbursement for each resident for each  
34 month.

1           3. Allowance for inflation. The department shall  
2 increase reimbursement for each boarding care resi-  
3 dent for each month for routine services on an annual  
4 basis so that the average reimbursement is no lower  
5 than that in effect on January 1, 1985, times one  
6 plus the estimated increase in costs of goods and  
7 services that health care facilities must purchase  
8 from January 1, 1985, to December 31, 1985, as pub-  
9 lished by Data Resources, Inc. On January 1, 1987,  
10 and January 1st of each subsequent year, the depart-  
11 ment shall recalculate this average by multiplying  
12 the most recent average times one plus the estimated  
13 increase in cost of goods and services that health  
14 care facilities must purchase for the year just ended  
15 as published by Data Resources, Inc.

16           Sec. 2. 22 MRSA §7911 is enacted to read:

17       §7911. Interest on payments due to boarding care fa-  
18                 cilities

19           The department shall pay interest at the current  
20 market rate on all sums found to be due to boarding  
21 care facilities as a result of the department's annu-  
22 al audit. The interest shall be calculated from a  
23 date that is 6 months following the end of the  
24 facility's fiscal year for which it is being audited  
25 or 3 months following the facility's submission of  
26 its cost report to the department, whichever is la-  
27 ter, and the date upon which the facility is notified  
28 that the department's audit is complete. The depart-  
29 ment shall also pay interest at the current market  
30 rate on all sums found to be due to a boarding care  
31 facility by a department hearing officer or the com-  
32 missioner after hearing on an appeal taken from an  
33 audit report, the interest being calculated from a  
34 date that is 6 months following the end of the  
35 facility's fiscal year or 3 months following the  
36 facility's submission of its cost report, whichever  
37 is later, to the date of the actual payment of those  
38 sums by the department to the facility.

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STATEMENT OF FACT

2           Section 1 of this bill repeals the flat rate sys-  
3 tem of reimbursement that is now utilized by the De-  
4 partment of Human Services only with respect to  
5 boarding care facilities of 6 beds or less that are  
6 not exclusively for mentally retarded residents. All  
7 other boarding homes are currently reimbursed based  
8 upon the reasonable cost of providing services to  
9 their residents. With this change, all boarding care  
10 facilities will be treated alike for reimbursement  
11 purposes. It also directs the department to increase  
12 annually the average boarding home reimbursement to  
13 allow for inflation.

14           Section 2 requires the department to pay interest  
15 on any underpayments made to boarding care facilities  
16 after a reasonable time for audit. Currently, audits  
17 by the department are taking up to 2 or 3 years, cre-  
18 ating serious cash flow problems for facilities that  
19 did not receive all of the funds to which they were  
20 entitled during the year in which those facilities  
21 actually provided services.

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