

MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND THIRTEENTH LEGISLATURE

Legislative Document

No. 211

S.P. 90

In Senate, February 4, 1987

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

JOY J. O'BRIEN, Secretary of the Senate

Presented by Senator DOW of Kennebec

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND EIGHTY-SEVEN

1 AN ACT to Require the Department of Human
2 Services to Establish a So-called
3 "Fair Rental" Methodology for
4 Reimbursement of Capital Costs for
5 Nursing Homes.
6

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

9 22 MRSA §1708, sub-§2, as enacted by PL 1975, c.
10 365, §1, is amended to read:

11 2. Compensation for nursing homes. A nursing
12 home, as defined under section 1812-A, or any portion
13 of a hospital or institution operated as a nursing
14 home, when the State is liable for payment for care,
15 shall be reimbursed at a rate established by the De-
16 partment of Human Services pursuant to this subsec-

1 tion. The department shall not establish a so-called
2 "flat rate." The department shall establish for each
3 nursing home a payment rate or payment rates relating
4 to various types of care provided in a nursing home.
5 Such rate or rates shall be based on the operating
6 costs attributable to each nursing home as determined
7 by such accounting and auditing standards and proce-
8 dures as the department may establish. The provisions
9 of this subsection shall apply to all funds, includ-
10 ing federal funds, paid by any agency of the State to
11 a nursing home for patient care. The provisions of
12 this subsection shall apply, notwithstanding any oth-
13 er provisions of law.

14 In determining appropriate reimbursement with respect
15 to capital costs, the department shall utilize a so-
16 called "fair rental" methodology similar to that uti-
17 lized in certain other states, which bases reimburse-
18 ment on a fair market appraisal of the particular fa-
19 cility as opposed to historical costs.

20

STATEMENT OF FACT

21 This bill would require the Department of Human
22 Services to implement a so-called "fair rental"
23 methodology for reimbursement of capital costs for
24 nursing homes. The states of Maryland and Califor-
25 nia, among others, have implemented similar propos-
26 als.

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