

# MAINE STATE LEGISLATURE

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STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
114TH LEGISLATURE  
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 505, L.D. 685, Bill, "An Act to Provide the Reasonable Costs of Wages Paid to Employees of Long-term Care Facilities"

Amend the bill by striking out everything after the enacting clause and before the emergency clause and inserting in its place the following:

22 MRSA §1708, sub-§2, as repealed and replaced by PL 1975, c. 365, §1, is amended to read:

2. Compensation for nursing homes. 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 a nursing home. Such rate or rates shall be based on the operating costs attributable to each nursing home as determined by such accounting and auditing standards and procedures as the department may establish.~~ The provisions of this subsection shall apply to all funds, including federal funds, paid by any agency of the State to a nursing home for patient care. ~~The provisions of this subsection shall apply, notwithstanding any other provisions of law.~~

A. The department shall establish for each nursing home a payment rate or payment rates relating to various types of care provided in a nursing home. The rate or rates shall be based on the operating costs attributable to each nursing home as determined by such accounting and auditing standards and procedures as the department may establish.

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B. Except as provided in this subsection, the department shall adjust the payment rate for each nursing home consistent with the changes to the principles of reimbursement for long-term care facilities adopted by the department on March 31, 1989. For fiscal years beginning on or after January 1, 1990, the department shall reinstitute the "prospective rate" based payment system for variable costs including wages and fringe benefits, using as a base year the preceding fiscal year.

C. The department shall not establish a maximum limit on the reimbursement of wages and benefits of individual categories of staff, nor shall the department establish a so-called "flat rate."

D. The department shall use the "skilled nursing facility" market basket forecasts published quarterly by Data Resources, Inc., to determine the annual increase in the variable rate to each nursing home, except that the wage component of the "DRI" increase will be replaced by a component which reflects the wage proxy values established by the Maine Health Care Finance Commission to forecast the appropriate changes in wages and benefits for employees of hospitals.

E. The department shall amend the state health plan and any applicable state regulation to rescind its election to apply the cost limits established under Medicare pursuant to 42 Code of Federal Regulations, Section 447.252 (c). Prior to the resumption of the "prospective rate" system under paragraph B, the department may limit the rate paid to a facility to the greater of the Medicare cost limit or 120% of the mean allowable routine service costs incurred by facilities in the region in which the facility is located. The department may estimate the mean allowable routine service costs incurred by facilities for the purpose of calculating appropriate interim rates. For the purpose of this paragraph the region shall be the region defined by the Maine Health Care Finance Commission for hospitals. The department may waive these limits for extraordinary staffing requirements or such other good cause as the department may determine.

F. Notwithstanding any other provision of this subsection, the department may limit payments to facilities if projections indicate that Medicaid payments to nursing homes in the aggregate will exceed the Medicare upper limit. The department may adopt rules implementing these limits to be effective for fiscal years beginning on or after January 1, 1990.'

1 Further amend the bill by inserting at the end before the  
statement of fact the following:

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5 **FISCAL NOTE**

7 Funds are available in the Department of Human Services  
current services budget to implement a prospective payment system  
9 effective January 1, 1990. This amendment eliminates the section  
223 limits and allows the department to adopt rules limiting  
11 payments to nursing homes if financial projections indicate the  
State will exceed the aggregate Medicare upper limit. Additional  
13 funds will not be necessary to carry out the provisions of this  
bill.'

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17 **STATEMENT OF FACT**

19 This amendment changes the bill to direct the Department of  
Human Services to return to a prospective payment system for  
21 nursing home reimbursement for facilities' fiscal years beginning  
after January 1, 1990. This will allow the department's  
23 cost-based system instituted in April of 1989 to rebase and  
adjust facilities' costs. The amendment maintains the removal of  
25 the so-called 223 limits but allows the department to limit  
reimbursement to any facility to 120% of the average costs for  
27 facilities in the region while the cost-based system remains in  
effect. It also allows the department to adopt rules limiting  
29 payments to nursing facilities if financial projections indicate  
that the State will exceed the aggregate Medicare upper limit.

31 It continues the bill's change in the method of computing  
33 the cost-of-living factor known as the "DRI."

35 This amendment adds a fiscal note.

Reported by the Committee on Appropriations and Financial Affairs  
Reproduced and distributed under the direction of the Clerk of the  
House  
7/1/89

(Filing No. H-712)