L.D. 2348

(Filing No. H-1000)

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

COMMITTEE AMENDMENT "A" to H.P. 1699, L.D. 2348, Bill, "An Act Concerning the Funding of Boarding Home Depreciation Accounts Under the Cost-reimbursement Program"

Amend the bill in section 1 in the first line (page 1, line 19 in L.D.) by striking out the following: "**Sec. 1.**"

Further amend the bill in section 1 in that part designated "**§7907-A.**" by striking out all of subsection 4 and inserting in its place the following:

'**4. Gains and losses on disposal of assets.** Gains and losses realized from the disposal of depreciable assets while a provider is participating in the cost-reimbursement program, or within one year after leaving the program, are included in the determination of allowable cost. Depreciation expense reimbursed by the department on buildings, building improvements and fixed and moveable equipment is recapturable at the time of a sale to the extent of the gain on the sale and must be made according to section 1714. In addition to depreciation expense reimbursed by the department during the provider's participation in the cost-reimbursement program, the calculation of the amount subject to recapture also includes the amount of depreciation, if any, charged or assumed prior to the existence of or the provider's participation in the cost-reimbursement program. The amount is prorated according to the number of bed days for residents who are eligible for state assistance. No recapture is made if the facility is vacant for more than one year or if the facility is not used as a boarding home or other health care facility after it is sold.

During the first 8 years of operation in the cost-reimbursement program, all depreciation allowed on buildings, building improvements, fixed and moveable equipment, land improvement and other depreciable assets is recaptured from the seller in cash at the time of the sale. From the 9th to the 15th year, all but 3% per year is recaptured and from the 16th to the 25th year, all but 8% per year is recaptured, not to exceed 100%, except that a reduction may not be made in any year for moveable equipment. The department may negotiate a depreciation schedule that varies from the schedule described in this subsection if a provider can demonstrate that its assets are consumed more rapidly than allowed in the schedule.'

Further amend the bill by striking out all of section 2.

STATEMENT OF FACT

The amendment achieves the bill's original intent, which is to codify in statute the rules of the Department of Human Services regarding depreciation in cost-reimbursed nursing homes.

Additionally, the amendment allows the Department of Human Services to negotiate a depreciation schedule that varies from the regulations if a service provider can demonstrate that assets are consumed at a more rapid rate.

Reported by the Minority of the Committee on Human Resources
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