

MAINE STATE LEGISLATURE

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115th MAINE LEGISLATURE

FIRST REGULAR SESSION-1991

Legislative Document

No. 1282

S.P. 480

In Senate, March 25, 1991

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

A handwritten signature in cursive script, reading "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator CLEVELAND of Androscoggin
Cosponsored by Representative CARROLL of Gray.

STATE OF MAINE

**IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND NINETY-ONE**

**An Act to Provide Equitable Reimbursement for Capital Costs of
Nursing Homes.**



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

22 MRSA §1708, sub-§3 is enacted to read:

3. Fixed costs. Fixed cost payments to nursing homes must, upon sale, reflect the increase in the valuation due to change in ownership. The revaluation is limited to the acquisition costs of the prior owner increased by the lesser of 1/2 of the percentage increase in the Dodge Construction Index for Nursing Homes or 1/2 of the percentage increase in the Consumer Price Index from the date of acquisition by the prior owner to the date of sale.

STATEMENT OF FACT

Construction or acquisition of a nursing home represents a significant capital investment on the part of the proprietor. Under current state Medicaid rules the reimbursement for this investment is limited to the historical cost of the first owner of record on or after July 18, 1984. The provision effectively prevents an owner from realizing any gain in the value of the investment.

This bill requires that the Medicaid program reimburse for capital investment upon sale of a facility at a rate that reflects the historical costs of the prior owner plus the lesser of 1/2 of the percentage increase in the Dodge Construction Index for Nursing Homes or 1/2 of the percentage increase in the Consumer Price Index from the date of acquisition by the prior owner to the date of sale. This reimbursement method is specifically permitted under federal law.