

# MAINE STATE LEGISLATURE

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5/17/14  
ROES

L.D. 1776

Date: 4/17/14

(Filing No. S- 559)

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STATE OF MAINE  
SENATE  
126TH LEGISLATURE  
SECOND REGULAR SESSION

SENATE AMENDMENT " B " to COMMITTEE AMENDMENT "A" to S.P. 704,  
L.D. 1776, Bill, "An Act To Implement the Recommendations of the Commission To  
Study Long-term Care Facilities"

Amend the amendment by striking out everything after the title and before the  
summary and inserting the following:

'Amend the bill by striking out everything after the title and before the summary and  
inserting the following:

**Emergency preamble.** Whereas, acts and resolves of the Legislature do not  
become effective until 90 days after adjournment unless enacted as emergencies; and

**Whereas,** the people of the State of Maine need and deserve a variety of well-  
planned and financially stable long-term care services in home-based and community-  
based care settings and in nursing facilities in their communities; and

**Whereas,** in order to provide high-quality care to Maine's elderly and disabled  
persons in a dignified and professional manner that is sustainable into the future through a  
spectrum of long-term care services, prompt action is needed to correct chronic  
underfunding and to complete a thoughtful and thorough planning process; and

**Whereas,** in the judgment of the Legislature, these facts create an emergency within  
the meaning of the Constitution of Maine and require the following legislation as  
immediately necessary for the preservation of the public peace, health and safety; now,  
therefore,

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

**Sec. 1. 22 MRSA §1708, sub-§3,** as corrected by RR 2001, c. 2, Pt. A, §33 and  
amended by PL 2003, c. 689, Pt. B, §6, is further amended to read:

**3. 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, must be reimbursed at a rate established by the  
Department of Health and Human Services pursuant to this subsection. The department  
may not establish a so-called "flat rate." This subsection applies to all funds, including

**SENATE AMENDMENT**

1 federal funds, paid by any agency of the State to a nursing home for patient care. The  
2 department shall establish rules concerning reimbursement that:

3 A. Take into account the costs of providing care and services in conformity with  
4 applicable state and federal laws, rules, regulations and quality and safety standards;

5 B. Are reasonable and adequate to meet the costs incurred by efficiently and  
6 economically operated facilities;

7 C. Are consistent with federal requirements relative to limits on reimbursement  
8 under the federal Social Security Act, Title XIX;

9 D. Ensure that any calculation of an occupancy percentage or other basis for  
10 adjusting the rate of reimbursement for nursing facility services to reduce the amount  
11 paid in response to a decrease in the number of residents in the facility or the  
12 percentage of the facility's occupied beds excludes all beds that the facility has  
13 removed from service for all or part of the relevant fiscal period in accordance with  
14 section 333. If the excluded beds are converted to residential care beds or another  
15 program for which the department provides reimbursement, nothing in this paragraph  
16 precludes the department from including those beds for purposes of any occupancy  
17 standard applicable to the residential care or other program pursuant to duly adopted  
18 rules of the department; and

19 E. Contain an annual inflation adjustment that:

20 (1) Recognizes regional variations in labor costs and the rates of increase in  
21 labor costs determined pursuant to the principles of reimbursement and  
22 establishes at least 4 regions for purposes of annual inflation adjustments; and

23 (2) Uses the applicable regional inflation factor as established by a national  
24 economic research organization selected by the department to adjust costs other  
25 than labor costs or fixed costs; and

26 ~~Rules adopted pursuant to this paragraph are routine technical rules as defined in~~  
27 ~~Title 5, chapter 375, subchapter II-A.~~

28 F. Establish a nursing facility's base year every 2 years and increase the rate of  
29 reimbursement beginning July 1, 2014 and every year thereafter.

30 Rules adopted pursuant to this subsection are routine technical rules as defined in Title 5,  
31 chapter 375, subchapter 2-A.

32 **Sec. 2. 22 MRSA §1714-A, sub-§9** is enacted to read:

33 9. Cost-of-care overpayments. On or before June 30, 2015, the department shall  
34 collect the total amount of debt arising from cost-of-care overpayments that exceeds by  
35 \$4,000,000 the amount of that debt that had been budgeted for fiscal year 2014-15 as of  
36 April 15, 2014. To the extent necessary to meet this requirement, the department may  
37 establish payment terms, modify as otherwise permitted by law existing payment  
38 agreements to accelerate payment terms and offset current payments in accordance with  
39 subsection 5. If 7 days' notice and opportunity to comment are provided, the department  
40 may adopt rules on an emergency basis to modify its implementation of subsection 5 on

# SENATE AMENDMENT

1 an emergency basis for purposes of collecting cost-of-care overpayments without making  
 2 the emergency findings otherwise required by Title 5, section 8054, subsection 2.

3 **Sec. 3. Amendment of Principles of Reimbursement for Nursing**  
 4 **Facilities.** The Department of Health and Human Services shall amend Rule Chapter  
 5 101, MaineCare Benefits Manual, Chapter III, Section 67, Principles of Reimbursement  
 6 for Nursing Facilities as follows.

7 1. The rule must be amended in order to establish a nursing facility's base year every  
 8 2 years and to increase the rate of reimbursement beginning July 1, 2014 and every year  
 9 thereafter as follows:

10 A. In the direct care cost component in Section 80.3 and all other applicable  
 11 divisions of Section 80.3 in which case mix data, regional wage indices or data  
 12 required for rebasing calculations are referenced by date, the rule must be amended to  
 13 establish a nursing facility's base year by reference to the facility's 2011 audited cost  
 14 report or, if the 2011 audited cost report is not available, by reference to the facility's  
 15 2011 as-filed cost report; to refer to other required rebasing data no older than 2011  
 16 data; and to update a nursing facility's base year every 2 years thereafter; and

17 B. In the routine cost component in Section 80.4 and all other applicable divisions of  
 18 Section 80.4 in which case mix data, regional wage indices or data required for  
 19 rebasing calculations are referenced by date, the rule must be amended to establish a  
 20 nursing facility's base year by reference to the facility's 2011 audited cost report or, if  
 21 the 2011 audited cost report is not available, by reference to the facility's 2011  
 22 as-filed cost report; to refer to other required rebasing data no older than 2011 data;  
 23 and to update a nursing facility's base year every 2 years thereafter.

24 2. The rule must be amended to increase the peer group upper limit on the base year  
 25 case mix and regionally adjusted cost per day for a nursing facility beginning July 1, 2014  
 26 as follows:

27 A. In the direct care cost component in Section 80.3.3(4)(b), the peer group upper  
 28 limit must be increased to 110% of the median; and

29 B. In the routine cost component in Section 80.5.4, the peer group upper limit must  
 30 be increased to 110% of the median.

31 3. The rule must be amended in the routine cost component in Section 43.4.2(A) to  
 32 eliminate the nursing facility administrative and management cost ceiling, thereby  
 33 allowing all allowable administrative and management costs to be included in allowable  
 34 routine costs for the purposes of rebasing, rate setting and future cost settlements  
 35 beginning July 1, 2014.

36 4. The rule must be amended in Sections 91 and 91.1 to provide for ongoing, annual  
 37 rate changes beginning July 1, 2014 to adjust for inflation and to set the inflation  
 38 adjustment cost-of-living percentage change in nursing facility reimbursement each year  
 39 in accordance with the United States Department of Labor, Bureau of Labor Statistics  
 40 Consumer Price Index medical care services index.

41 5. The rule must be amended to provide, beginning July 1, 2014, a supplemental  
 42 payment, subject to cost settlement, to a nursing facility whose MaineCare residents  
 43 constitute more than 70% of the nursing facility's total number of residents. The

ROFS

1 supplemental payment must provide an additional reimbursement of 40¢ per resident per  
2 day for each 1% this percentage of MaineCare residents is above 70%, except that the  
3 total supplemental payment must be calculated to avoid to the extent possible paying an  
4 amount in excess of allowable costs that would be an overpayment upon settlement of the  
5 facility's cost report.

6 6. The rule must be amended in Section 80.3.2 to increase the specific resident  
7 classification group case mix weight that is attributable to a nursing facility resident who  
8 is diagnosed with dementia.

9 The rate of reimbursement for nursing facilities that results from amending the rules  
10 to reflect rebasing the nursing facility's base year pursuant to this section may not result  
11 for any nursing facility in a rate of reimbursement that is lower than the rate in effect on  
12 April 1, 2014. The department may implement this section by adopting emergency rules.  
13 If the department provides at least 7 days' notice and opportunity to comment before  
14 adopting these rules, it is not required to make the findings otherwise required by the  
15 Maine Revised Statutes, Title 5, section 8054, subsection 2.

16 **Sec. 4. Savings arising from recoveries in excess of projections;**  
17 **transitional cap on rate increases.**

18 1. The Department of Health and Human Services shall continue its best efforts to  
19 collect all remaining cost-of-care overpayments to nursing facilities and private  
20 nonmedical institutions that were paid when the department's computer systems, when  
21 providing reimbursement owed by the department, failed to take into account the  
22 financial contributions paid by residents in the nursing facilities and private nonmedical  
23 institutions and miscalculated the amounts payable under the MaineCare program. Cost-  
24 of-care overpayments collected in excess of amounts projected in developing and  
25 reporting budget information to the Legislature or the Governor must be used to fund the  
26 implementation of section 3 to the extent of funding provided in this Act.

27 2. If the total amount of debt arising from cost-of-care overpayments that the  
28 department collects in fiscal year 2014-15 exceeds \$13,000,000, the excess must be  
29 carried over to fiscal year 2015-16 to be expended to provide additional funding for  
30 implementation of section 3. In fiscal years 2014-15, 2015-16 and 2016-17, the  
31 Department of Health and Human Services, subject to state plan approval by the United  
32 States Department of Health and Human Services, Centers for Medicare and Medicaid  
33 Services, shall limit the actual rate increase provided to the total amount available as a  
34 result of the state funds appropriated for nursing home rate increases, including without  
35 limitation the dollar amount specified in any appropriation provision plus any net amount  
36 available as a result of increased nursing facility provider tax revenue and available  
37 federal funds, minus the amount necessary to fund the supplemental payment provided in  
38 section 3, subsection 5. In establishing this limit in any year in which it applies, the  
39 department first shall calculate and publish the rate increases that would result from  
40 increasing rates pursuant to all of section 3 except for subsection 5 and then grant to all  
41 facilities a pro rata portion of that increase that does not exceed the limit established in  
42 this subsection and also grant supplemental payments pursuant to section 3, subsection 5.  
43 The pro rata methodology must be applied uniformly to all facilities so that each facility  
44 receives the same percentage of the initially published rate increases, plus the  
45 supplemental payment if applicable.

ROFS

1           **Sec. 5. Cost-of-care overpayment correction.** The Department of Health and  
2 Human Services shall immediately require that the department's contractor Molina  
3 Medicaid Solutions make adjustments to the Maine Integrated Health Management  
4 Solution computer system to correct and discontinue overpayments in the calculation and  
5 deduction of cost of care in the payment of nursing facilities and private nonmedical  
6 institutions.

7           **Sec. 6. Commission To Continue the Study of Long-term Care Facilities.**  
8 Notwithstanding Joint Rule 353, the Commission To Continue the Study of Long-term  
9 Care Facilities, referred to in this section as "the commission," is established. The  
10 membership, duties and functioning of the commission are subject to the following  
11 requirements.

- 12           1. The commission consists of 11 members appointed as follows:
- 13           A. Two members of the Senate appointed by the President of the Senate, including  
14 members from each of the 2 parties holding the largest number of seats in the  
15 Legislature;
- 16           B. Three members of the House of Representatives appointed by the Speaker of the  
17 House, including members from each of the 2 parties holding the largest number of  
18 seats in the Legislature; and
- 19           C. Six members appointed by the Governor who possess expertise in the subject  
20 matter of the study, as follows:

- 21                   (1) The director of a long-term care ombudsman program described under the  
22 Maine Revised Statutes, Title 22, section 5106, subsection 11-C;
- 23                   (2) The director of a statewide association representing long-term care facilities  
24 and one representative of a 2nd association of owners of long-term care facilities;
- 25                   (3) A person who serves as a city manager of a municipality in the State;
- 26                   (4) A person who serves as a director or who is an owner or administrator of a  
27 nursing facility in the State; and
- 28                   (5) A representative of the Governor's office or the Governor's administration.

29           2. The first-named Senate member is the Senate chair and the first-named House of  
30 Representatives member is the House chair of the commission. The chairs of the  
31 commission are authorized to establish subcommittees to work on the duties listed in  
32 subsection 4 and to assist the commission. The subcommittees must be composed of  
33 members of the commission and interested persons who are not members of the  
34 commission and who volunteer to serve on the subcommittees without reimbursement.  
35 Interested persons may include individuals with expertise in acuity-based reimbursement  
36 systems, a representative of an agency that provides services to the elderly and any other  
37 persons with experience in nursing facility care.

38           3. All appointments must be made no later than 30 days following the effective date  
39 of this Act. The appointing authorities shall notify the Executive Director of the  
40 Legislative Council once all appointments have been completed. After appointment of all  
41 members and after adjournment of the Second Regular Session of the 126th Legislature,  
42 the chairs shall call and convene the first meeting of the commission. If 30 days or more

# SENATE AMENDMENT

ROFS

1 after the effective date of this Act a majority of but not all appointments have been made,  
2 the chairs may request authority and the Legislative Council may grant authority for the  
3 commission to meet and conduct its business.

4 4. The commission shall study the following issues and the feasibility of making  
5 policy changes to the long-term care system:

6 A. Funding for long-term care facilities, payment methods and the development of a  
7 pay-for-performance program to encourage and reward strong performance by  
8 nursing facilities;

9 B. Regulatory requirements other than staffing requirements and ratios;

10 C. Collaborative agreements with critical access hospitals for the purpose of sharing  
11 resources;

12 D. The viability of privately owned facilities in rural communities;

13 E. The impact on rural populations of nursing home closures; and

14 F. Access to nursing facility services statewide.

15 5. The Legislative Council shall provide necessary staffing services to the  
16 commission.

17 6. The Commissioner of Health and Human Services, the State Auditor and the State  
18 Budget Officer shall provide information and assistance to the commission as required for  
19 its duties.

20 7. No later than October 15, 2014, the commission shall submit a report that includes  
21 its findings and recommendations, including suggested legislation, to the Joint Standing  
22 Committee on Health and Human Services. The joint standing committee of the  
23 Legislature having jurisdiction over health and human services matters may report out a  
24 bill regarding the subject matter of the report to the First Regular Session of the 127th  
25 Legislature.

26 **Sec. 7. Bimonthly report.** Beginning in July 2014 and ending in June 2016, the  
27 Department of Health and Human Services shall report bimonthly to the joint standing  
28 committee of the Legislature having jurisdiction over appropriations and financial affairs  
29 on the department's efforts to establish and collect the debt arising from cost-of-care  
30 overpayments pursuant to the Maine Revised Statutes, Title 22, section 1714-A,  
31 subsection 9.

32 **Sec. 8. Appropriations and allocations.** The following appropriations and  
33 allocations are made.

34 **HEALTH AND HUMAN SERVICES, DEPARTMENT OF (FORMERLY DHS)**

35 **Medical Care - Payments to Providers 0147**

36 Initiative: Deappropriates funds for recovery of overpayments to providers that are in  
37 excess of the amounts currently budgeted for in the MaineCare program for fiscal year  
38 2014-15.

ROFS

SENATE AMENDMENT "B" to COMMITTEE AMENDMENT "A" to S.P. 704, L.D. 1776

1	<b>GENERAL FUND</b>	<b>2013-14</b>	<b>2014-15</b>
2	All Other	\$0	(\$4,000,000)
3			
4	<b>GENERAL FUND TOTAL</b>	<u>\$0</u>	<u>(\$4,000,000)</u>

5 **Nursing Facilities 0148**

6 Initiative: Provides one-time funding for increased reimbursements under the MaineCare  
7 program for nursing facilities.

8	<b>GENERAL FUND</b>	<b>2013-14</b>	<b>2014-15</b>
9	All Other	\$0	\$4,520,000
10			
11	<b>GENERAL FUND TOTAL</b>	<u>\$0</u>	<u>\$4,520,000</u>

12	<b>FEDERAL EXPENDITURES FUND</b>	<b>2013-14</b>	<b>2014-15</b>
13	All Other	\$0	\$7,311,686
14			
15	<b>FEDERAL EXPENDITURES FUND TOTAL</b>	<u>\$0</u>	<u>\$7,311,686</u>

16 **Nursing Facilities 0148**

17 Initiative: Provides one-time funds for increased nursing home costs.

18	<b>GENERAL FUND</b>	<b>2013-14</b>	<b>2014-15</b>
19	All Other	\$0	\$189,840
20			
21	<b>GENERAL FUND TOTAL</b>	<u>\$0</u>	<u>\$189,840</u>

22	<b>FEDERAL EXPENDITURES FUND</b>	<b>2013-14</b>	<b>2014-15</b>
23	All Other	\$0	\$307,091
24			
25	<b>FEDERAL EXPENDITURES FUND TOTAL</b>	<u>\$0</u>	<u>\$307,091</u>

26 **Nursing Facilities 0148**

27 Initiative: Adjusts funds to reflect additional nursing home provider tax revenue.

28	<b>GENERAL FUND</b>	<b>2013-14</b>	<b>2014-15</b>
29	All Other	\$0	(\$709,901)
30			
31	<b>GENERAL FUND TOTAL</b>	<u>\$0</u>	<u>(\$709,901)</u>

**SENATE AMENDMENT**





ROFS

SENATE AMENDMENT "B" to COMMITTEE AMENDMENT "A" to S.P. 704, L.D. 1776

1 financial affairs on the department's efforts to collect the debt arising from cost-of-care  
2 overpayments.

3 **FISCAL NOTE REQUIRED**

4 ~~(See attached)~~

5 SPONSORED BY: 

6 (Senator HILL)

7 COUNTY: York



# 126th MAINE LEGISLATURE

LD 1776

LR 2744(10)

## An Act To Implement the Recommendations of the Commission To Study Long-term Care Facilities

Fiscal Note for Senate Amendment "G" to Committee Amendment "A"

Sponsor: Sen. Hill of York

Fiscal Note Required: Yes

### Fiscal Note

#### Legislative Cost/Study

	FY 2013-14	FY 2014-15	Projections FY 2015-16	Projections FY 2016-17
<b>Net Cost (Savings)</b>				
General Fund	\$0	(\$12,056,918)	(\$12,056,857)	(\$12,053,857)
<b>Appropriations/Allocations</b>				
General Fund	\$0	(\$12,056,918)	(\$12,056,857)	(\$12,053,857)
Federal Expenditures Fund	\$0	(\$15,677,903)	(\$23,296,680)	(\$23,296,680)
Other Special Revenue Funds	\$0	(\$1,460,833)	(\$2,170,734)	(\$2,170,734)
<b>Revenue</b>				
Other Special Revenue Funds	\$0	(\$1,460,833)	(\$2,170,734)	(\$2,170,734)

#### Legislative Cost/Study

This amendment removes the Blue Ribbon Commission on Long-term Care from the bill. The Blue Ribbon Commission had projected costs of \$1,250 in fiscal year 2013-14 and \$2,000 in fiscal year 2014-15. The Blue Ribbon Commission was authorized to seek outside funding for staffing and expert consultant services and could not meet unless these funds are raised and approved by the Legislative Council.

#### Fiscal Detail and Notes

This fiscal note reflects the incremental impact of this amendment compared to the Committee Amendment. The amended bill provides one-time appropriations totaling \$4,709,840 in fiscal year 2014-15 in the Nursing Facilities program in the Department of Health and Human Services (DHHS) for increased MaineCare payments to nursing facilities and for adjustments to funding to reflect increased nursing home tax collections. The additional \$709,901 in nursing home provider taxes that would be collected as a result of the increased payments are reflected in adjustments to appropriations and allocations.

The amended bill also includes a one-time deappropriation of \$4 million in fiscal year 2014-15 in the Medical Care-Payments to Providers program for recovery of overpayments to providers due to errors in calculating cost-of-care and for continued proper application of cost-of-care rules. DHHS has indicated it had cost-of-care collections of \$10.4 million in fiscal year 2012-13 and expects to recover \$13.9 million in fiscal year 2013-14 and \$9.0 million in fiscal year 2014-15. DHHS has also indicated these recoveries have been included in their MaineCare shortfall forecast used to prepare the 2014-2015 supplemental budget request. Accordingly, additional recoveries or savings above these amounts would be necessary to meet the \$4 million deappropriation.