

MAINE STATE LEGISLATURE

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L.D. 1776

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Date: 4/4/14

(Filing No. S-497)

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HEALTH AND HUMAN SERVICES

4

Reproduced and distributed under the direction of the Secretary of the Senate.

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STATE OF MAINE

6

SENATE

7

126TH LEGISLATURE

8

SECOND REGULAR SESSION

9

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"

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11

12

Amend the bill in section 1 in subsection 3 by striking out all of paragraph F (page 2, lines 10 and 11 in L.D.) and inserting the following:

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14

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

15

16

Amend the bill in section 2 in subsection 1 in the first line (page 2, line 18 in L.D.) by inserting after the following: "year" the following: 'every 2 years'

17

18

Amend the bill in section 2 in subsection 1 in the 2nd line (page 2, line 19 in L.D.) by striking out the following: "2 years" and inserting the following: 'year'

19

20

Amend the bill in section 2 by striking out all of subsection 5 and inserting the following:

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22

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

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Amend the bill in section 2 by inserting after subsection 7 the following:

28

'The rate of reimbursement for nursing facilities that results from amending the rules to reflect rebasing the nursing facility's base year pursuant to this section may not result for any nursing facility in a rate of reimbursement that is lower than the rate in effect on April 1, 2014.'

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32

Amend the bill by striking out all of section 7 and inserting the following:

33

'Sec. 7. Appropriations and allocations. The following appropriations and allocations are made.

34

COMMITTEE AMENDMENT

ROFS

1 **HEALTH AND HUMAN SERVICES, DEPARTMENT OF (FORMERLY DHS)**
 2 **Nursing Facilities 0148**
 3 Initiative: Provides funding for increased reimbursements under the MaineCare program
 4 for nursing facilities.

5	GENERAL FUND	2013-14	2014-15
6	All Other	\$0	\$13,821,246
7			
8	GENERAL FUND TOTAL	<u>\$0</u>	<u>\$13,821,246</u>

9	FEDERAL EXPENDITURES FUND	2013-14	2014-15
10	All Other	\$0	\$22,357,658
11			
12	FEDERAL EXPENDITURES FUND TOTAL	<u>\$0</u>	<u>\$22,357,658</u>

13 **Nursing Facilities 0148**
 14 Initiative: Adjusts funds to reflect additional nursing home provider tax revenue.

15	GENERAL FUND	2013-14	2014-15
16	All Other	\$0	(\$2,170,734)
17			
18	GENERAL FUND TOTAL	<u>\$0</u>	<u>(\$2,170,734)</u>

19	OTHER SPECIAL REVENUE FUNDS	2013-14	2014-15
20	All Other	\$0	\$2,170,734
21			
22	OTHER SPECIAL REVENUE FUNDS TOTAL	<u>\$0</u>	<u>\$2,170,734</u>

23 **Nursing Facilities 0148**
 24 Initiative: Provides funds for increased nursing home costs.

25	GENERAL FUND	2013-14	2014-15
26	All Other	\$0	\$406,345
27			
28	GENERAL FUND TOTAL	<u>\$0</u>	<u>\$406,345</u>

COMMITTEE AMENDMENT

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

1	FEDERAL EXPENDITURES FUND	2013-14	2014-15
2	All Other	\$0	\$939,022
3			
4	FEDERAL EXPENDITURES FUND TOTAL	<u>\$0</u>	<u>\$939,022</u>
5	HEALTH AND HUMAN SERVICES,		
6	DEPARTMENT OF (FORMERLY DHS)		
7	DEPARTMENT TOTALS	2013-14	2014-15
8			
9	GENERAL FUND	\$0	\$12,056,857
10	FEDERAL EXPENDITURES FUND	\$0	\$23,296,680
11	OTHER SPECIAL REVENUE FUNDS	\$0	\$2,170,734
12			
13	DEPARTMENT TOTAL - ALL FUNDS	<u>\$0</u>	<u>\$37,524,271</u>
14			

15 **SUMMARY**

16 This amendment is the unanimous report of the committee. This amendment clarifies
17 that the rules regarding the principles of reimbursement for nursing facilities must
18 establish a nursing facility's base year every 2 years and increase the rate of
19 reimbursement beginning July 1, 2014 and every year thereafter. The amendment also
20 clarifies that the rate of reimbursement for nursing facilities that results from amending
21 the rules to reflect rebasing the nursing facility's base year may not result for any nursing
22 facility in a rate of reimbursement that is lower than the rate in effect on April 1, 2014.
23 The amendment also clarifies that the rules regarding the principles of reimbursement for
24 nursing facilities must be amended in Sections 91 and 91.1 to provide for ongoing, annual
25 rate changes beginning July 1, 2014 to adjust for inflation and to set the inflation
26 adjustment cost-of-living percentage change in nursing facility reimbursement each year
27 in accordance with the United States Department of Labor, Bureau of Labor Statistics
28 Consumer Price Index medical care services index. This amendment replaces the
29 appropriations and allocations section in the bill.

30 **FISCAL NOTE REQUIRED**

31 (See attached)

COMMITTEE AMENDMENT



126th MAINE LEGISLATURE

LD 1776

LR 2744(02)

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

Fiscal Note for Bill as Amended by Committee Amendment "A" (5497)

Committee: Health and Human Services

Fiscal Note Required: Yes

Fiscal Note

Legislative Cost/Study

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

Legislative Cost/Study

This bill contains two separate commissions. The general operating expenses of the Commission to Continue the Study of Long-term Care Facilities are projected to be \$1,250 in fiscal year 2013-14 and \$2,000 in fiscal year 2014-15. The general operating expenses of the Blue Ribbon Commission on Long-term Care are also projected to be \$1,250 in fiscal year 2013-14 and \$2,000 in fiscal year 2014-15. The Legislature's proposed budget includes \$10,000 in fiscal year 2013-14 and \$10,000 in fiscal year 2014-15 for legislative studies. Whether the amounts are sufficient to fund all studies will depend on the number of studies authorized by the Legislative Council and the Legislature. The Blue Ribbon Commission is authorized to seek outside funding for staffing and expert consultant services and may not meet unless these funds are raised and approved by the Legislative Council. Other staffing costs during the interim can be absorbed by the Legislature utilizing existing staff resources.

Fiscal Detail and Notes

The bill provides appropriations totaling \$12,056,857 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 increased payments to nursing homes are detailed in the table below. The additional \$2.2 million in nursing home provider taxes that would be collected as a result of the increased payments are reflected in adjustments to appropriations and allocations.

		<u>2014-15</u>	
Nursing Facility Costs		Total Costs	State Share
Cost of moving health insurance to fixed costs:	Direct Cost	\$16,843,334	\$6,434,659
	Routine Cost	\$6,271,448	\$2,395,881
Supplemental payment for MaineCare days over 70% at \$.40/day		\$2,904,403	\$1,109,569
Additional cost of Management Allowance above ceiling (no limit)		\$7,919,211	\$3,025,376
Rebasing routine cost CAP to 110% of median by peer group		\$6,639,445	\$2,536,467
Rebasing direct care CAP to 110% of median by peer group		(\$4,398,937)	(\$1,680,526)
Total Impact		<u>\$36,178,904</u>	<u>\$13,821,427</u>

The original bill included a deappropriation of \$10 million 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. While 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, the fiscal note assumes the \$10 million would not be available at this time for deappropriation above the amounts assumed by DHHS.