

MAINE STATE LEGISLATURE

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Date: 5/17/19

HEALTH AND HUMAN SERVICES

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

STATE OF MAINE

SENATE

129TH LEGISLATURE

FIRST REGULAR SESSION

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COMMITTEE AMENDMENT "A" to S.P. 346, L.D. 1126, "Resolve, To Classify Employee Health Insurance as a Fixed Cost for MaineCare Reimbursement in Nursing Homes"

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Amend the resolve by adding after section 1 the following:

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'Sec. 2. Appropriations and allocations. Resolved: That the following appropriations and allocations are made.

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**HEALTH AND HUMAN SERVICES, DEPARTMENT OF
Nursing Facilities 0148**

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Initiative: Provides appropriations and allocations for the Department of Health and Human Services to amend its rule Chapter 101: MaineCare Benefits Manual, Chapter III, Section 67, Principles of Reimbursement for Nursing Facilities no later than January 1, 2020 to include the costs of health insurance in the fixed costs component of reimbursement.

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GENERAL FUND	2019-20	2020-21
All Other	\$2,798,184	\$5,642,972
GENERAL FUND TOTAL	<u>\$2,798,184</u>	<u>\$5,642,972</u>

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FEDERAL EXPENDITURES FUND	2019-20	2020-21
All Other	\$5,963,617	\$11,880,629
FEDERAL EXPENDITURES FUND TOTAL	<u>\$5,963,617</u>	<u>\$11,880,629</u>

COMMITTEE AMENDMENT

1	OTHER SPECIAL REVENUE FUNDS	2019-20	2020-21
2	All Other	\$559,264	\$1,118,528
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4	OTHER SPECIAL REVENUE FUNDS TOTAL	\$559,264	\$1,118,528
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6 Amend the resolve by relettering or renumbering any nonconsecutive Part letter or
7 section number to read consecutively.

8 **SUMMARY**

9 This amendment adds an appropriations and allocations section.

10 **FISCAL NOTE REQUIRED**

11 (See attached)

**129th MAINE LEGISLATURE**

LD 1126

LR 1962(02)

Resolve, To Classify Employee Health Insurance as a Fixed Cost for MaineCare Reimbursement in Nursing Homes**Fiscal Note for Bill as Amended by Committee Amendment 'A' (S-87)****Committee: Health and Human Services****Fiscal Note Required: Yes****Fiscal Note**

	FY 2019-20	FY 2020-21	Projections FY 2021-22	Projections FY 2022-23
Net Cost (Savings)				
General Fund	\$2,798,184	\$5,642,972	\$5,646,701	\$5,646,701
Appropriations/Allocations				
General Fund	\$2,798,184	\$5,642,972	\$5,646,701	\$5,646,701
Federal Expenditures Fund	\$5,963,617	\$11,880,629	\$11,876,900	\$11,876,900
Other Special Revenue Funds	\$559,264	\$1,118,528	\$1,118,528	\$1,118,528
Revenue				
Federal Expenditures Fund	\$5,963,617	\$11,880,629	\$11,876,900	\$11,876,900
Other Special Revenue Funds	\$559,264	\$1,118,528	\$1,118,528	\$1,118,528

Fiscal Detail and Notes

The bill includes General Fund appropriations to the Department of Health and Human Services (DHHS) of \$2,798,184 in fiscal year 2019-20 and \$5,642,972 in fiscal year 2020-21 to amend its rule Chapter 101: MaineCare Benefits Manual, Chapter III, Section 67, Principles of Reimbursement for Nursing Facilities no later than January 1, 2020 to include the costs of health insurance in the fixed costs component of reimbursement. Federal Expenditures Fund allocations are also included for the FMAP match.

The Upper Payment Limit (UPL) analysis for Nursing Facilities (NF) indicates that currently the NF payments in MaineCare are lower than Medicare by \$12.5 million. The annual cost of living adjustments (COLA) for the NF's will go into effect on July 1, 2019 and are estimated to increase the payments by \$10.6 million. The impact of this change on the UPL will be limited by an increase to the Medicare rates to which the MaineCare rates are compared, but between the COLA and the cost from this bill, the NF costs will likely go over the UPL threshold. However, based on the language in statute (Title 22 §1708 sub-§3, ¶C) the DHHS must establish reimbursement rates that "are consistent with federal requirements relative to limits on reimbursement under the federal Social Security Act, Title XIX." Thus, the estimate of costs above includes all increases associated with the health insurance moving to fixed costs, with a federal match. If this does create a UPL issue, the DHHS will limit the payments to NF's to remain below the federally required limits.