

MAINE STATE LEGISLATURE

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L.D. 1112

Date: 6/8/21

(Filing No. S-226)

HEALTH AND HUMAN SERVICES

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STATE OF MAINE

SENATE

130TH LEGISLATURE

FIRST SPECIAL SESSION

COMMITTEE AMENDMENT "A" to S.P. 374, L.D. 1112, "Resolve, To Classify Employee Health Insurance as a Fixed Cost for MaineCare Reimbursement in Nursing Homes"

Amend the resolve by inserting after section 1 the following:

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

HEALTH AND HUMAN SERVICES, DEPARTMENT OF

Nursing Facilities 0148

Initiative: Provides funding 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, 2022 to move health insurance costs for personnel from direct care and routine cost components to fixed costs components.

| | | |
|--|-----------------------------|-----------------------------|
| GENERAL FUND | 2021-22 | 2022-23 |
| All Other | \$4,185,382 | \$8,433,546 |
| GENERAL FUND TOTAL | <u>\$4,185,382</u> | <u>\$8,433,546</u> |
| | | |
| FEDERAL EXPENDITURES FUND | 2021-22 | 2022-23 |
| All Other | \$8,928,816 | \$17,794,851 |
| FEDERAL EXPENDITURES FUND TOTAL | <u>\$8,928,816</u> | <u>\$17,794,851</u> |
| | | |
| OTHER SPECIAL REVENUE FUNDS | 2021-22 | 2022-23 |
| All Other | \$837,076 | \$1,674,153 |
| | <u> </u> | <u> </u> |

COMMITTEE AMENDMENT

ROS

COMMITTEE AMENDMENT "A" to S.P. 374, L.D. 1112 (S-221e)

1 OTHER SPECIAL REVENUE FUNDS TOTAL \$837,076 \$1,674,153

2

3 Amend the resolve by relettering or renumbering any nonconsecutive Part letter or
4 section number to read consecutively.

5

SUMMARY

6

This amendment adds an appropriations and allocations section.

7

FISCAL NOTE REQUIRED

8

(See attached)



130th MAINE LEGISLATURE

LD 1112

LR 858(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-226)
Committee: Health and Human Services
Fiscal Note Required: Yes

Fiscal Note

| | FY 2021-22 | FY 2022-23 | Projections FY 2023-24 | Projections FY 2024-25 |
|-----------------------------------|-------------|--------------|---------------------------|---------------------------|
| Net Cost (Savings) | | | | |
| General Fund | \$4,185,382 | \$8,433,546 | \$8,454,473 | \$8,454,473 |
| Appropriations/Allocations | | | | |
| General Fund | \$4,185,382 | \$8,433,546 | \$8,454,473 | \$8,454,473 |
| Federal Expenditures Fund | \$8,928,816 | \$17,794,851 | \$17,773,924 | \$17,773,924 |
| Other Special Revenue Funds | \$837,076 | \$1,674,153 | \$1,674,153 | \$1,674,153 |
| Revenue | | | | |
| Federal Expenditures Fund | \$8,928,816 | \$17,794,851 | \$17,773,924 | \$17,773,924 |
| Other Special Revenue Funds | \$837,076 | \$1,674,153 | \$1,674,153 | \$1,674,153 |

Fiscal Detail and Notes

The bill includes General Fund appropriations to the Department of Health and Human Services of \$4,185,382 in fiscal year 2021-22 and \$8,433,546 in fiscal year 2022-23 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, 2022 to move health insurance costs for personnel from direct care and routine cost components to fixed costs components. Federal Expenditures Fund allocations are also included for the FMAP match and Other Special Revenue Funds allocations for the Health Care Provider Tax.

The Upper Payment Limit (UPL) analysis for Nursing Facilities (NF) indicates that currently the NF payments in MaineCare are lower than Medicare by \$25.1 million. The inclusion of Health Insurance as a fixed cost is estimated to increase the payments by \$27.9 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 with this change 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.