

MAINE STATE LEGISLATURE

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BERNARD H. AUSTIN, BINGHAM

STATE OF MAINE

ONE HUNDRED AND EIGHTH LEGISLATURE

COMMITTEE ON PERFORMANCE AUDIT

January 4, 1978

Rep. John Martin, Chairman
Legislative Council
108th Legislature
State House
Augusta, Maine 04333

Dear Representative Martin:

In accordance with H.P. 1809, directing the Committee on Performance Audit to study the Medicaid program in Maine, we enclose herein an interim report of the committee. The committee has scheduled a public hearing for Thursday, January 19 as the beginning of the second phase of its study. We are inviting members of the legislature to appear at the hearing and have enclosed a letter to each member with a copy of the report. To encourage legislative participation we would suggest that this interim report should be distributed to the Legislature on Monday, January 16th.

Respectfully submitted,

Richard A. Morrell RC

Richard A. Morrell
Senate Chairman

Georgette B. Berube CH

Georgette B. Berube
House Chairman

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STATE OF MAINE

ONE HUNDRED AND EIGHTH LEGISLATURE

COMMITTEE ON PERFORMANCE AUDIT

January 4, 1978

Dear Member of the Legislature:

Enclosed is a copy of the interim report on the Medicaid program in Maine, prepared for the Performance Audit Committee.

We will be holding a public hearing on the report on Thursday, January 19th, at 1:30 P.M. in Room 109, State Office Building, and would like to have as wide a variety as possible of comments from legislators, providers and recipients of Medicaid services, and other health-care professionals.

Therefore, we encourage you to read the report, and then give us your comments, either directly to members of the committee, or at the hearing on January 19th.

Sincerely,

Richard Morrell

Senator Richard Morrell
Senate Chairman

Georgette Berube CH

Representative Georgette Berube
House Chairman

INTERIM REPORT

A STUDY OF
MAINE'S MEDICAID
PROGRAM

Prepared by the
JOINT STANDING
COMMITTEE ON
PERFORMANCE AUDIT

Submitted to the
Legislative Council
108th Legislature

January 4, 1978

Introduction: The Medicaid program in Maine is both costly and complex. It is also the only access to quality health care for many Maine individuals and families. Because it is vital to the health needs of more than 100,000 Maine citizens and because it is a program which accounts for a substantial expenditure of State money, the Committee was directed to study the Medicaid program.

Although we have initiated this study, we have not yet completed the task assigned by the Legislative Council. In this interim report, therefore, we make no recommendations for legislation. We believe that it would be premature to recommend legislation prior to completing the more detailed analysis of specific areas of the Medicaid program which lies ahead.

In this interim report, we recommend changes which can be carried out administratively within the Department of Human Services and within the Legislature. We believe that these changes will ensure that both the department and the Legislature have sufficient information on a regularly scheduled basis to make well-informed decisions relating to the Medicaid program. Finally, we present a brief description of the major components of the Medicaid program.

Section I.

Recommendations:

A. Improved understanding of the program: For a variety of reasons the Medicaid program may be insufficiently understood by policy-makers. First, the program is a labyrinth of eligibility standards, payment mechanisms and reimbursement schedules, almost all of which are found

in administrative regulations rather than in statute. Second, the program is tied to Federal legislation and regulations and this link creates the illusion that the State has few options to exercise in relation to the program. Third, because the program is found primarily in administrative rules and regulations the Department of Human Services has made many of the major policy decisions since the inception of the program. Finally, the appropriations process is the major vehicle which the Legislature uses to deal with the Medicaid program. Until recently, the appropriations process has involved very few legislators and has not provided an effective forum for discussing the merits of individual items within the Medicaid program.

As a result of these factors, the Medicaid program is perceived by many Legislators as simply one large and rapidly increasing item in the current services budget which seems to a great extent to be out of state control because of constraints imposed by the Federal government. The problems in the Medicaid program with which most legislators become involved usually relate to such things as a constituent's need for a service or a provider's complaint about late reimbursement by the State. The larger questions relating to Medicaid have not only been unanswered but, more significantly, have been largely unasked.

In order to encourage and improve the general understanding of the Medicaid program and to promote a more thorough discussion of the program each year, we recommend the following two actions:

1. Line-item budgeting.

The Committee on Appropriations & Financial Affairs should consider adopting a line-item budget by major service category for the annual appropriation for the Medicaid program. Presently, money is appropriated for Medicaid as one enormous item in the budget. We believe this practice is inappropriate for a program of the complexity and cost of Medicaid. We also believe that this practice discourages detailed discussion and understanding of the major service categories in the program.

2. Annual reporting of expenditures and funding levels.

Presently, the Legislature receives information relating to the most recent expenditures for the Medicaid program and recommendations for future funding levels only as part of the budget documents and any supplementary materials which may be provided to the Appropriations Committee. We believe that separate annual reporting of specified information to the full Legislature is needed. Accordingly, we recommend that the Department of Human Services should provide to each legislator, annually prior to January 1, a brief report which includes the following items for the Medicaid program:

- A. Actual expenditures by major service category for the previous 2 years;
- B. The funding level recommendations by major service category which had been made for these 2 years;

C. The actual funding level by major service category for the current year;

D. The funding level recommendation by major service category for the year for which appropriations must be made or adjusted.

We believe that the availability of this data in a form that encourages comparisons between different years will encourage greater understanding and more participation in legislative discussions of the Medicaid program.

B. Effects of recent changes: Two recent changes in the Medicaid program require immediate attention. First, as the result of a Supreme Court decision, orthodontia is now available to children eligible for Medicaid. The Committee has received testimony that because of the reimbursement level established by the department for this service, dentists may be reluctant to provide orthodontic services. Second, the Legislature recently required a 10% reduction in total reimbursements to physicians for the current year. Just as in the case of orthodontic services, this 10% reduction may cause some physicians to refuse to serve Medicaid patients. In summary, these changes could inadvertently cause either a somewhat diminished access to needed health services or the development of a two-tier system of health care services through which Medicaid recipients might receive lower quality care than other citizens. Neither of these consequences is desirable and we believe that the Department of Human Services should closely monitor the effects of these 2 changes. We rec-

commend, therefore, that the department specifically review the level of reimbursement for orthodontic services and the effect of the 10% reduction in reimbursement for physicians services and report its findings to the Legislature by April 1, 1978.

In section II, a description of the Medicaid program is presented. This description is intended to provide general background information to the Legislature on the scope of the Medicaid program and the areas in which the Legislature may want to consider more active involvement.

Section II.

Origin of the Program:

Title XIX of the Social Security Act establishes Medicaid, a program of medical assistance for certain low-income individuals and families. Medicaid is jointly financed with State and Federal funds. The current sharing of Medicaid costs in Maine is 70.4% Federal and 29.6% State. Roughly, 100,000 people are eligible for Medicaid in Maine. Since its enactment in Maine in 1965, the program has grown in total expenditures from 4 million dollars to 100 million dollars.

Eligible recipients:

Any state which enacts a Medicaid program must include certain individuals as eligible recipients and may include certain other individuals if it chooses to do so. Under Medicaid, medical assistance must be provided to individuals who are eligible for cash payments under one of the existing welfare programs established by the Social Security Act. These include: (1) the program for Aid to Families with Dependent Children (AFDC) and (2) the Supplementary Security Income (SSI) program for the aged, blind and disabled. In addition, Maine has included other individuals designated generally as "medically needy" under the Medicaid program. These are persons, for the most part, who fit the categories covered by the AFDC or SSI program and have enough income for basic living expenses but not enough for their medical expenses.

Eligibility determinations are carried out by the Income Maintenance Unit of the Bureau of Social Welfare in the Regional Offices of the Department of Human Services. Since the State determines the eligibility level for the welfare programs, it also indirectly determines the income eligibility for the Medicaid program. In addition, the State establishes the income level for the "medically needy" designation.

With the authority to determine eligibility levels and to select which "optional" groups will be covered under the program, the State can exercise considerable control over the numbers of persons eligible for Medicaid benefits.

Chart I shows the "unduplicated count" of individual who were eligible for Medicaid since 1972. This unduplicated count is the total number of people who were determined eligible for Medicaid benefits during each year shown. Because this total number includes persons added and deleted each month during the year, the "unduplicated count" is higher than the actual number of eligible recipients in any given month.

The unduplicated count for the catastrophic illness program is also shown on Chart I. Maine's catastrophic illness program is designed to assist individuals with high medical bills who are not eligible for Medicaid.

(Chart 1)

MEDICAID RECIPIENT UNDUPLICATED COUNT

<u>Category</u>	<u>FY 77</u>	<u>FY 76</u>	<u>FY 75</u>	<u>FY 74</u>	<u>FY 73</u>	<u>FY 72</u>
AFDC Adults	*	34,875	28,716	24,778	21,102	17,783
AFDC Children	87,141	59,988	55,984	51,367	40,892	33,956
Child Welfare	*	*	*	3,196	2,870	2,767
SSI	20,806	21,923	16,977	19,322	17,880	16,870
State Supplement	11,371	9,305	19,877	6,824	5,743	2,081
Med. Needy	4,077	3,189	- 0 -	- 0 -	- 0 -	- 0 -
Catastrophic	<u>722</u>	<u>674</u>	<u>629</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>
Total	124,117	129,954	122,183	105,487	88,987	73,457
% Change from:						
Previous Year	-4.5%	+6.4%	+15.8%	+18.5%	+21.1%	----
FY 72	+69.0%	+76.9%	+66.3%	+43.6%	+21.1%	----

*Included in AFDC Children (not otherwise available).

Services
covered:

Just as there are mandatory and optional groups of individuals who are to be served, the Federal act also establishes mandatory and optional services which are to be offered by any Medicaid program. Each state determines the scope of each service offered (for example, each state may establish the number of hospital days or number of physicians' visits covered) under the program.

The categories of mandatory services include:

1. Hospital-inpatient
2. Hospital-outpatient
3. Skilled Nursing facilities (SNF)
4. Home Health
5. Professional Services

6. Early and periodic screening, diagnosis and treatment
7. Dental
8. Optometric
9. Family planning
10. Laboratory and X-ray

The optional categories of services which Maine has elected to provide include:

1. Intermediate care facilities
2. Drugs
3. Mental Health
4. Ambulance
5. Buy-in Medicare
6. Medically needy

Chart II shows the total State and Federal expenditures for each mandatory and optional health care service provided under Medicaid since 1972. This display of expenditures does not, however, precisely show how much money was expended for each type of service provided in each year for the following reasons:

1. Bill processing from date of receipt to date of payment requires a minimum of eight weeks.
2. Providers are permitted up to one year following a service to present a bill for the service.
3. The program has frequently exhausted the funds appropriated for it and a variety of special appropriations have been made by the legislature to address accumulated backlogs of unpaid bills.

4. The Department frequently carries over certain types of bills from one fiscal year to another.

Chart III shows the dollar and percent increase in expenditures, starting with 1972 for all of the mandatory services and all of optional services in comparison with the immediately preceding year and in comparison with 1972.

The charts show significant increases in expenditures in nearly all of the service categories. These increases are not in each case an indication of increased utilization of services. For example, although expenditures for home health services have doubled in the last 5 years, the utilization rate is declining. These increased expenditures, as in several other categories, reflect inflation in the delivery of the health care services.

Although the major portion of the "professional services" expenditure category is due to physicians' services, other categories including hospital-inpatient, EPSDT, family planning, laboratory, x-ray, Medicare buy-in, medically needy and catastrophic illness also include expenditures for physicians' services. The department estimates that total expenditures for physicians' services is presently 10 million dollars.

An optional service, intermediate care facilities, currently receives the largest portion of total Medicaid expenditures. Expenditures for ICF's have increased from 15 million dollars in 1973 to 40 million dollars in 1977 or 40% of each Medicaid dollar.

(Chart 2)

MEDICAID EXPENDITURES BY TYPES OF SERVICES BY FISCAL YEAR
(THOUSANDS OF DOLLARS)

MANDATORY	FY 77	FY 76	FY 75	FY 74	FY 73	FY 72
Hospital-In	19,656	16,992	15,000	11,468	10,873	7,577
Hospital-Out	4,213	3,420	3,029	2,227	1,507	2,050
SNF	1,715	1,428	3,571	3,269	4,031	2,237
Home Health	642	607	515	413	315	201
Physician Services	8,393	7,666	8,288	6,796	6,859	5,508
EPSDT	716	568	505	430	30	-0-
Dental	1,496	1,781	1,867	1,057	71	6
Optometric	377	355	350	*	*	*
Family Planning	765	743	550	439	-0-	-0-
Lab & X-Ray	479	426	443	*	*	*
SUB TOTAL	38,452	33,986	34,118	26,099	23,686	17,615
OPTIONAL						
ICF	40,644	32,541	24,567	18,704	15,198	11,615
Drugs	5,854	5,452	5,375	3,896	2,571	-0-
Mental Health	441	444	1,076	*	*	*
Psychology	288	233	177	*	*	*
Chiropractic	112	95	98	*	*	*
Podiatry	64	51	52	*	*	*
Ambulance	262	269	193	151	117	62
Buy-In	1,529	1,676	1,759	1,136	936	1,001
MN (MI)	2,810	1,270	-0-	-0-	-0-	-0-
CI	807	663	457	-0-	-0-	-0-
SUB TOTAL	52,811	42,694	33,754	23,887	18,822	12,678
TOTAL	91,263	76,680	67,872	49,986	42,508	30,257

* Detail not available. Included in "Physician Services".

SOURCE: Controller's "Income/Expenditure Analysis" printout and Vendor expenditures by specialty.

Medicaid Expenditures by Fiscal Year and Percentage Change

	<u>Amount of Expenditures</u>	<u>Dollar Increase /(Decrease) over Previous Year</u>	<u>Percent Change (from prev. yr.)</u>	<u>Percent Change from FY 72</u>
FY 77 Total	\$91,262,736.29	\$14,581,293.93	+ 19.02%	201.62%
Mandatory	38,451,706.40	4,465,360.44	+ 13.14%	118.73%
Optional	52,811,029.89	10,115,933.49	+ 23.69%	316.56%
FY 76 Total	\$76,681,442.36	\$ 9,225,504.26	+ 13.68%	153.43%
Mandatory	33,986,345.96	284,187.60	+ 0.84%	93.33%
Optional	42,695,096.40	8,941,316.66	+ 26.49%	236.77%
FY 75 Total	\$67,455,938.10	\$17,469,373.13	+ 34.95%	122.94%
Mandatory	33,702,158.36	7,602,311.26	+ 29.13%	91.71%
Optional	33,753,779.74	9,867,061.87	+ 41.31%	166.24%
FY 74 Total	\$49,986,564.97	\$ 7,477,605.65	+ 17.59%	65.20%
Mandatory	26,099,847.10	2,412,739.49	+ 10.19%	48.47%
Optional	23,886,717.87	5,064,866.16	+ 26.91%	88.41%
FY 73 Total	\$42,508,959.32	\$12,251,488.79	+ 40.49%	40.49%
Mandatory	23,687,107.61	6,107,631.28	+ 34.74%	34.74%
Optional	18,821,851.71	6,143,857.51	+ 48.46%	48.46%
FY 72 Total	\$30,257,470.53			
Mandatory	17,579,476.33			
Optional	12,677,994.20			

PROVIDERS OF SERVICE

Providers may be divided into two major groups, in-State and out-of-State. All services rendered to patients out-of-State must receive prior authorization from the Department except for those located close to the State's borders with Canada and New Hampshire.

The process of approving a provider consists of either accepting the provider's license to practice his profession or reviewing the provider for purposes of certifying his continued compliance with Federal Conditions of Participation in the Medicare or Medicaid Programs.

The Bureau of Medical Services, through its Division of Licensing and Certification, has a contract with the Social Security Administration to certify Medicare providers of service such as hospitals, skilled nursing facilities, home health agencies, renal dialysis units, independent practitioners of physical therapy and chiropractors. All Medicare providers of service automatically become eligible to provide services to Medicaid recipients.

Some services, such as those to patients in ICF's (nursing homes), are not a part of the covered services in the Medicare Program. The facility must nevertheless meet Federal Medicaid standards.

All professional State personnel utilized in Certification activities required by Medicare or Medicaid are reimbursed with 100% Federal funds for their services. Clerical personnel in this unit are reimbursed on a 50-50 Federal-State matching basis. There are provider agreements with EPSDT Agencies, Mental Health Clinics, and Speech and Hearing Centers. All other providers must be licensed by the State in order to be a provider of service.

The following shows the types of providers and the way each is approved to provide services in the Medicaid program.

<u>PROVIDER TYPE</u>	<u>METHOD OF CERTIFICATION</u>
Hospital	Medicare Certification
Skilled Nursing Facilities	Medicare - Medicaid "
Home Health Agencies	Medicare Certification
Professional Services	State Licensing Only
except - Physical Therapy	Medicare Certification
Chiropractors	Medicare Certification
Intermediate Care Facilities	Medicaid Certification
Pharmacy	State Licensing Only

Chart 4 shows the number of in-state and out-of-state providers in each professional service category. In addition, it shows the number of in-state and out-of-state providers in the non-professional services categories.

(Chart 4)
Numbers of Providers by Type, June 1977

<u>Professional Services</u>	<u>Total</u>	<u>In-State</u>	<u>Out-of-State</u>
Allergy	8	8	----
Anesthesia	33	17	16
Audiology	3	3	----
Cardiology	19	11	8
Chiropractic	60	52	8
Dentists	455	395	60
Oral Surgeons	6	3	3
Dermatology	16	12	4
Endocrinology	1	1	----
Family Planning	9	9	----
Family Practice	41	33	8
Gastroenterology	1	1	----
General Practice	511	301	210
General Surgery	157	119	38
Hematology	5	4	1
Internal Medicine	190	158	32
Mental Health	11	10	1
Neurology	19	10	9
Neurosurgery	16	10	6
Obs-Gyn	77	56	21
Oncology	4	3	1
Ophthalmology	55	38	17
Optometry	152	137	15
Orthopedic Surgery	70	48	22
Osteopathy	133	130	3
Otolaryngology	32	26	6
Occupational Therapy	2	2	----
Pathology	9	6	3
Pediatrics	75	53	22
Phys. Therapy	33	32	1
Podiatry	23	21	2
Phys. Med-Rehab	3	2	1
Plastic Surg	6	4	2
Psychiatry	66	50	16
Psychology	84	81	3
Radiology	43	14	29
Rheumatology	6	5	1
Speech Path	10	9	1
Thoracic Surg	4	3	1
Urology Surg	27	20	7
Sub-Total	2,475	1,897	578
Home Health	20	16	4
Hospitals-Inpatient	165	53	112
Hospitals-Outpatient	198	55	143
SNF	25	22	3
ICF	145	145	----
Pharmacies	262	223	39
Miscell.	198	146	52
Total	3,488	2,557	931

Reimbursement
methods:

Each type of provider is reimbursed under a different set of requirements. Some of these are federally mandated while others are left to the discretion of each state.

Unless they have approval from the Secretary of HEW to use an alternate method of reimbursement, states are required to reimburse for inpatient hospital services on the basis of reasonable cost, following the reimbursement practices of Medicare. States are not required to use the Medicare method of reimbursement for any other service. With the exception of skilled nursing facility services and intermediate care facility services, the only requirement for other services is that the State Medicaid reimbursement may not exceed the amounts paid under Medicare. In the case of long-term care institutional services (skilled nursing facility services and intermediate care facility services), the State is subject to the additional requirement that its payment system must be reasonably related to cost.

The following describes some of the methods of reimbursement for certain services.

Specific
methods of
reimbursement:

(1) Professional
services:

All professional services which are provided to Medicare beneficiaries are reimbursed in the same amount to Medicaid recipients. The process with some modifications is essentially as follows:

The Medicare Program, through its fiscal intermediary (Union Mutual Insurance Co.) for the Part B supplementary insurance, develops a payment schedule called a profile, based on the 75th percentile of each professional's usual and customary charges for the previous calendar year. To increase his reimbursement, a physician merely increases the usual and customary charge in any calendar year. This increase would then be reflected in an increase for that service during the next fiscal year. In addition, the Medicare Program annually adds an inflationary adjustment to its profile on each provider. On July 1, 1977, this adjustment was computed as 6.35% for the 1977-78 fiscal year. This reimbursement method, then, not only adjusts for a cost of living change but also automatically adjusts to reflect any increasing charges by providers.

The 108th Maine Legislature directed the Department to reduce physician reimbursement by 10% and removed \$300,000 from the State's Medical Care appropriation. On June 30, 1977, the Department froze the Medicare profile. This action prevented the 6.35% inflationary adjustment from becoming effective. In addition, the average payment for selected services was determined for FY 1977, and these levels were reduced by 3.65% in order to implement the 10% reduction in physician reimbursement required by the legislation. A physician fee schedule for selected services was developed from the above procedures and has been in effect since October 1, 1977.

(2) Hospital and
SNF Services:

All inpatient and outpatient hospital and skilled nursing facility services are reimbursed in accordance with the Medicare principles of reimbursement. The Medicare formula pays facilities retroactively for the reasonable costs they have incurred. The definition of "reasonable" amounts to what has been paid by the providers.

Medicaid reimbursement to hospitals in Maine has increased slightly more than 100% in five years while eligible beneficiaries have increased by approximately 40%. Between FY 76 and FY 77, the number of eligible recipients decreased by 4.5% while the level of reimbursements increased by 17%.

(3) ICF Services:

In 1972, the Department adopted principles of reimbursement for licensed nursing homes (ICF's) which are still the basis of reimbursement to these facilities. Public Law 92-603 requires all states to adopt by January 1, 1978, revised principles of reimbursement in accordance with guidelines published in the Federal Register of July 1, 1976. These new principles of reimbursement have been under discussion with the nursing home industry since the fall of 1976.

The revised principles of reimbursement will apply to skilled nursing (SNF) as well as intermediate care facilities (ICF).

The department is presently considering the establishment of prospective reimbursement to each long-term care facility on the basis of a budget it submits for approval. This shift from the present retrospective reimbursement would be a major change in state policy.

(4) Home health
agencies:

Medicaid reimbursement for these services is based on the Medicare formula. Although the Department recognizes a wide range of variation among agencies in payment for similar services, a different method of reimbursement is not under consideration at the present time.

(5) Drugs:

The Federal Maximum Allowable Cost (MAC) regulations are starting to be implemented in Maine's drug reimbursement program and will be the structure for future reimbursements. In the interim, all non-hospital prescription drugs are paid for through a contract with Paid Prescriptions (a private corporation) which has been in effect since August, 1974. Essentially, the contract was entered into to expedite the processing, payment and utilization control of the Medicaid Drug Program. The cost to the state for this program is \$.44 per claim.

With the exception of those drugs subject to the Maximum Allowable Cost (MAC) formula, and a few others pharmacists are currently reimbursed on the basis of the average wholesale price of the controlled drug, plus a 10% mark-up and a \$2.00 professional fee per prescription.

Payments for drugs in the Drugs for the Elderly Program is in accordance with this same system. All persons eligible for this program must, however, pay \$1.00 of their own for each prescription.

Dental
Services:

The Department has had a dental fee schedule in effect, with little change since 1969. The Orthodonture fee schedule duplicates the fee schedule adopted in 1968 for crippled children's services.

Optometry:

Reimbursement for optometric services is based on "reasonable charge" rates.

Family
Planning:

Reimbursement for Family Planning Clinic services is currently the same as the Department's Title XX reimbursement formula for the last fiscal year. Although Title XX adopted a new fee schedule for a slightly different listing of service components for this fiscal year, the Medicaid Program is not presently using that schedule.

Clinic
Services:

The EPSDT agencies, mental health clinics and speech and hearing centers are reimbursed in accordance with individual provider agreements.

Fiscal
Audit:

At the present time the Department has a common audit agreement with Maine Blue Cross-Blue Shield, the Part A Medicare fiscal intermediary, to conduct fiscal audits on behalf of the Department for the program services that both Medicare and Medicaid have in common. These include: hospitals, skilled nursing facilities and home health agencies. This contract was in the amount of \$52,660 for FY 78. Because the Division of Health Care audit has been created within the Bureau of Medical Services in the past fiscal year, the current

contract with Maine Blue Cross-Blue Shield will be terminated January 1, 1978 and the Department will conduct its own audit of all Medicaid activities. Currently, the Division of Health Care audit conducts fiscal audits of all Medicaid services other than hospitals, skilled nursing facilities and home health agencies.

Those providers which are common to both the Medicare and Medicaid programs presently follow the Medicare Principles of Reimbursement for payment purposes. In the course of reimbursing hospitals and skilled nursing facilities, the Medicare principles are utilized by the fiscal intermediary Maine Blue Cross-Blue Shield to establish an interim rate. This rate is different for each facility. Essentially the same process takes place between the Division of Health Care audit and intermediate care facilities, using the States' Principles of Reimbursement for long term care facilities. At the end of the fiscal year, each facility submits a cost report form as required by the appropriate reimbursement principles and a desk audit is conducted. The desk audit will indicate if the interim agreed upon rate was actually more or less than is shown on the cost report form for the same time period.

If the desk audit reveals an underpayment on the part of the Department, a preliminary settlement, adjusting the projected interim rate to the actual rate as shown by the cost report form, may be forwarded to the management of the facility. If the cost report form from the facility shows an overpayment on the part of the Department, the facility will be visited and an on-site

field audit will be conducted, by the fiscal intermediary in the case of Hospitals and SNF's, or by the Division of Health Care Audit in the case of ICF's. Following the field audit, agreement will be reached relative to whether or not the interim rate for that particular fiscal year was an overpayment or an underpayment and a financial adjustment will be made between the Department and the facility in the form of a final cost settlement.

If the Division of Health Care audit cannot reach an agreement on the final cost settlement, any question may be appealed to the Commissioner and eventually to the Courts. The Committee recognizes that the final settlement of overpayments may be delayed by appeals from the decisions of the Commissioner. We believe, however, that the department should be somewhat more ambitious in its efforts to collect money which has been overpaid.

Legislation Accepted by the Legislative Council
on November 4, 21 and 30, 1977
for Introduction into the 2nd Regular Session
of the 108th Legislature

REQUEST #

BEAULIEU, EDITH - REP. PORTLAND

222 AN ACT Relating to Habitual Truants and School Dropouts.

BENOIT, SHARON - REP. SO. PORTLAND

161 AN ACT to Provide Property Tax Relief.

427 AN ACT to Implement the Property Tax Assessment Reforms of the Jacobs Study.

BIRT, WALTER - REP. E. MILLINOCKET

58 AN ACT to Repeal the Commissioner of Education's Authority to Withhold Monthly Subsidy Payments to Administrative Units to Obtain Information.

210 AN ACT Concerning Filing of Claims for Occupational Deafness Under the Workmen's Compensation Statutes.

BLODGETT, WILLIAM - REP. WALDOBORO

68 AN ACT to Authorize the Land Use Regulation Commission to Set Construction Standards for Logging Roads in Territory under its Jurisdiction.

72 AN ACT to Increase the Reimbursement for 6 Bed Boarding Homes.

BOUDREAU, ANNE - REP. PORTLAND

239 AN ACT Amending the Campaign Finance Law.

472 AN ACT to Exempt the Maine Athletic Commission from the Maine Administrative Procedures Act.

REQUEST #

BOUDREAU, PAUL - REP. WATERVILLE

376 AN ACT Concerning Substitution of Generic Drugs by Pharmacists.

BRENERMAN, DAVID - REP. PORTLAND

34 AN ACT to Reimburse Phillip Rotolo, an Employee of the Maine Youth Center,
for Damages Suffered Because of the Actions of an Inmate of the Youth Center.

108 AN ACT to Clarify the Administration of the Free Drugs for the Elderly Law.

241 AN ACT to Allow Intermediate Care Facilities to be Reimbursed Under the
Medically Needy Program.

242 AN ACT to Increase State Reimbursement for the Net Costs of Local General
Assistance.

BROWN, KAREN - REP. BETHEL

198 AN ACT to Authorize Megalloway Plantation to Raise Funds for Secondary
School Room, Board and Tuition in Excess of the Statutory Maximums
for the 1977-1978 School Year.

377 AN ACT Concerning Limitations of Actions and Notice of Claim Before Suit
under the Elevator and Tramway Statutes Pertaining to Ski Areas.

378 AN ACT to Finance the Tree Growth Reimbursement Law.

BURNS, DONALD - REP. ANSON

196 AN ACT Concerning Responsibility of the Town of Oakland for Maintaining
a Fish Way Screen on Messalonskee Lake.

REQUEST #

197 AN ACT Authorizing the Conveyance of Certain State Lands on Messalonskee Lake to the Town of Oakland.

CAREY, RICHARD - REP. WATERVILLE

173 AN ACT Regarding Sales Tax Reform Administration.

CARPENTER, MICHAEL - SEN. AROOSTOOK

228 AN ACT to Provide for Specific Liability for Persons or Corporations Contributing to a Public Nuisance.

CARROLL, GEORGE - REP. LIMERICK

473 AN ACT to Assure Continued Insurance Coverage for all Claims Incurred on Group Policies.

CARTER, FRANK - REP. BANGOR

289 AN ACT to Require Certain Out-of-State Sellers to Register under the Maine Sales and Use Tax Laws.

CHAPMAN, JOHN - SEN. SAGADAHOC

83 AN ACT to Revise the Maine Automobile Insurance Cancellation Control Act.

CLARK, NANCY - REP. FREEPORT

123 AN ACT to Increase the Amount which Qualifies a Financial Institution for Exemption from Insurance of Deposits on Accounts.

REQUEST #

- 285 AN ACT to Include Subsurface Water Under the Oil Conveyance Act.
- 474 AN ACT to Permit Retirement with Full Benefits for any Member of the State Retirement System when the Sum of the Member's Age Plus the Member's Years of Experience Equals 85.

COLLINS, DONALD - SEN. AROOSTOOK

- 434 AN ACT to Facilitate Recruitment and Retention of Outstanding Persons for Policy Making Positions in State Service.

COLLINS, SAMUEL - SEN. KNOX

- 110 AN ACT to Establish the Maine Probate Code.
- 189 AN ACT to Amend the Maine Criminal Code.
- 352 AN ACT to Correct Certain Oversights in the Nonprofit Corporation Act.
- 436 AN ACT to Revise the Statute on Operating a Motor Vehicle under the Influence of Intoxicating Liquor or Drugs to Reflect Changes Enacted During the First Regular Session of the One Hundred and Eight Legislature.
- 437 AN ACT to Increase the Penalty for Possession of Heroin.

CONLEY, GERARD - SEN. CUMBERLAND

- 389 AN ACT to Extend School Breakfast Availability to Maine School Children.
- 464 RESOLVE, Authorizing the Commissioner of Educational and Cultural Services to Exchange Certain Lands at Southern Maine Vocational Technical Institute.

REQUEST #

CURRAN, PETER - REP. SO. PORTLAND

- 272 AN ACT to Amend the Apportionment of Multimember Districts of the House of Representatives into Single Member Districts.
- 439 AN ACT to Revise the Juvenile Code.
- 440 RESOLVE, Authorizing Cumberland County to Pay Deficits from Unappropriated Surplus.

DIAMOND, G. WILLIAM - REP. WINDHAM

- 122 RESOLVE, Appropriating Funds to Renovate an Elementary School Building at Windham which was Destroyed by Flood Waters.
- 199 AN ACT Relating to the Maintenance of Private Ways by Special Assessment.

DRINKWATER, LLOYD - REP. BELFAST

- 142 AN ACT to Restore Matching Funds to the maine Criminal Justice Planning and Assistance Agency.
- 254 AN ACT to Require Labeling of Equipment and Facilities for the Use, Transportation, Storage and Manufacture of Hazardous Materials and to Provide for a Uniform Response System to Hazardous Materials Emergencies.

FARLEY, ROBERT - SEN. YORK

- 112 AN ACT to Repeal the Requirement that an Electrician who Fails to Renew his license must take the Electrician's Test over Again.

REQUEST #

FENLASON, A. HAROLD - REP. DANFORTH

390 AN ACT Relating to the Taxation of Certain Property Owned and Operated by Telephone or Telegraph Companies.

GARSOE, WILLIAM - REP. CUMBERLAND

153 AN ACT to Revise the Venue Provisions of the Maine Employment Security Commission Appeals Procedure.

392 AN ACT Relating to Preventative Discipline.

GILLIS, ROBERT - REP. CALAIS

66 AN ACT Relating to Assessment for Public Services Tax.

GOODWIN, HARLAND - REP. SO. BERWICK

203 AN ACT Providing for Notice to Parents Under the Child Abuse and Neglect Statutes.

391 AN ACT Concerning the Catastrophic Illness and Medical Needy Program.

425 AN ACT to Provide Funds for the York County Community College.

GOODWIN, KATHLEEN - REP. BATH

256 AN ACT to Expand Elderly Low Cost Drug Program.

257 AN ACT to Amend the Elderly Householders Tax and Rent Refund Act.

REQUEST #

GRAY, WAYNE - REP. ROCKLAND

354 AN ACT Authorizing the Sale of a Certain Parcel of Land Adjacent to the
State Prison in Thomaston.

GREENLAW, LAWRENCE - REP. STONINGTON

155 AN ACT Relating to a Method for Appeal of Tax Assessment.

393 AN ACT to Increase Reimbursement for Legislator's Expenses.

471 AN ACT Making Certain Substantive Revisions to the Marine Resources Statutes.

GREELEY, EDWIN - SEN. WALDO

214 AN ACT to Provide Reimbursement for Snow Removal on Accepted Ways.

HENDERSON, JAMES - REP. BANGOR

286 AN ACT to Permit Corporations, Partnerships, Associations, or Entities to
Appear without Counsel in Small Claims Court.

368 AN ACT Clarifying the Statutes Relating to Municipalities.

HEWES, RICHARD - SEN. CUMBERLAND

177 AN ACT to Repeal Certain Laws Relating to the Registration of Commercial
Vehicles Engaged in Interstate Commerce.

REQUEST #

HICHENS, WALTER - SEN. YORK

- 2 AN ACT to Provide Certified Interpreter Services for the Hearing Impaired.
- 128 AN ACT to Enable the Purchasing and Administering of Barbituates for the Euthanasia of Pets and Animals.
- 465 AN ACT Relating to the Shipment of Dogs and Cats and Prohibiting the Use of Dogs or Cats in Commercial Promotions.

HIGGINS, LINWOOD - REP. SCARBOROUGH

- 82 AN ACT Relating to Type of Notice Under the Exceptional Children Statutes.

HOBBINS, BARRY J - REP. SACO

- 345 AN ACT to Permit Sale of Alcoholic Beverages for On-premise Consumption at 18 Years of Age.

HOWE, ROBERT - REP. SO. PORTLAND

- 346 AN ACT to Amend the Fair Credit Reporting Act.
- 475 AN ACT to Permit Law Enforcement Officers to Make Limited Solicitation for the Advertising in Publications and Periodicals to be Published by Law Enforcement Officers, Agencies or Associations.

REQUEST #

HUBER, SHERRY - REP. FALMOUTH

- 277 AN ACT to Eliminate Inconsistencies in the Environmental Protection Laws.
- 280 AN ACT to Establish Safety and Performance Standards for Insulation Materials.
- 357 AN ACT to Provide that the Energy Bond Issue shall be Retired in Five Years Instead of Ten.

HUGHES, STEPHEN - REP. AUBURN

- 396 AN ACT to Extend Coverage of the Returnable Beverage Statutes to Beverages Sold in a Bottle or Can Containing no more than 18 Ounces.
- 397 AN ACT to Make Trafficking in Five Pounds or More of Marijuana a Class C Crime under the Maine Criminal Code.

JACKSON, PHILIP - SEN. CUMBERLAND COUNTY

- 266 AN ACT to Clarify County Law Enforcement.

JALBERT, LOUIS - REP. LEWISTON

- 330 AN ACT Authorizing Municipalities to Provide Textbooks and other Nonsecular Services to Elementary and Secondary Pupils Attending Private Schools.
- 399 AN ACT to Provide for a 2% Income Tax Credit for Taxable Years Ending in 1978.

REQUEST #

JENSEN, JOHN - REP. PORTLAND

- 42 AN ACT to Simplify the Process for Reimbursement of Claims Against Departments of Less than \$200 for Property Damage Caused by State Wards or Inmates of State Institutions.

KANE, MARY - REP. AUGUSTA

- 404 AN ACT to Delay Implementation of the Court Intake Worker Function Until July 1, 1978.

KANY, JUDY - REP. WATERVILLE

- 33 AN ACT to Conform State Statutes to the Maine Administrative Procedures Act.

KATZ, BENNETT - SEN. KENNEBEC

- 332 AN ACT Relating to post-graduate Education in the Field of Medicine, Dentistry, Optometry and Veterinary Medicine.
- 359 AN ACT to Provide that Student Scholarships under the Maine Student Incentive Scholarship Program shall not be Lowered from one School Year to the Next and Appropriating Funds to Carry out that Intent.

KELLEHER, EDWARD - REP. BANGOR

- 361 AN ACT to Provide for the Payment of Costs for Relocating Utility Facilities in an Urban Renewal Area.

REQUEST #

KERRY, JOHN - REP. OLD ORCHARD BEACH

- 259 AN ACT to Allow Nursing Homes to Provide Physical and Occupational Therapy to Residents in Need of Such Care.
- 410 AN ACT Enabling Municipalities to Establish an Amusement or Entertainment Tax.
- 411 AN ACT to Revise the Municipal Boundary Between the Town of Old Orchard Beach, Maine and the City of Saco, Maine.

LEWIS, JOYCE - REP. AUBURN

- 137 AN ACT to Establish Rates of Contribution in Proportion to Use Under the Unemployment Compensation Law.

MACEACHERN, ROBERT A. - REP. LINCOLN

- 182 AN ACT to Permit Drivers Over Forty Years of Age to Request Free Eye Tests Upon Drivers License Renewal and Deleting the Mandatory Eye Test Requirement.

MARTIN, JOHN - REP. EAGLE LAKE

- 43 AN ACT to Establish the Maine-Canadian Legislative Advisory Commission.
- 59 AN ACT Concerning the Discount Factor and Capitalization Rate in the Tree Growth Tax Statutes.
- 414 AN ACT to Improve the Short-term Investment Capabilities and Debt Management of the State.

REQUEST #

MASTERMAN, JOHN - REP. MILO

67 AN ACT Converting Beaver Cove Plantation into the Town of Beaver Cove.

MASTERTON, NANCY N. - REP. CAPE ELIZABETH

415 AN ACT to Clarify Certain Definitions under the Subdivision Law and to Set
Out the Intent of the Legislature in Enacting that Law.

MCBREAIRTY, JAMES - REP. PERHAM

113 RESOLVE, to Appeal the Decision of State Claims Board Regarding Property
Damage Claims from Collapse with Building at Northern Maine Vocational
Technical Institute.

MCKEAN, RICHARD - REP. LIMESTONE

31 AN ACT Concerning Brake Requirements on Agricultural Vehicles.

MCPHERSON, ORLAND - REP. ELIOT

250 AN ACT to Exempt Special Mobile Equipment from the Motor Vehicle Title Statute.

MERRILL, PHILIP L. - SEN. CUMBERLAND

186 AN ACT to Establish the Maine Corporation Takeover Bid Disclosure Act.

REQUEST #

MILLS, KENNETH A. - REP. EASTPORT

101 AN ACT to Remove Restrictions on the Use of Seines and other Devices for Fishing in Washington County.

MORRELL, RICHARD - REP. CUMBERLAND

79 AN ACT to Increase the Limits of Authorized Indebtness of the Brunswick Sewer District.

NAJARIAN, MARY - REP. PORTLAND

52 AN ACT to Increase the Bonding Limit of the Maine State Housing Authority.

NELSON, MERLE (Mrs.) - REP. PORTLAND

54 AN ACT to Provide Funding under the School Finance Statutes for Programs to Aid Talented and Gifted Children.

237 AN ACT Pertaining to Ordinary Death Benefits under the Maine State Retirement System.

NELSON, NORMAN - REP. ROQUE BLUFFS

466 AN ACT Authorizing the Atlantic Sea Run Salmon Commission to Grant Certain Easements or Deeds to the Machias First Corporation.

REQUEST #

O'LEARY, DONALD - SEN. OXFORD

56 AN ACT to Ensure the Safety of Minors Attending Camps while they are on Canoe Trips.

PALMER, LINWOOD - REP. NOBLEBORO

362 AN ACT to Provide a Tax Rebate on the Income Tax.

PEARSON, MICHAEL - REP. OLD TOWN

363 AN ACT Appropriating Funds to Construct an Access Road to the New Housing Development on the Penobscot Indian Reservation at Old Town.

PELTIER, FRANK - REP. HOULTON

213 AN ACT Relating to Incinerator Particulate Emission Standard for Wood Waste Teepee Burners.

PERKINS, THOMAS - REP. BLUE HILL

63 AN ACT to Provide a Lower Registration Fee Under the Transportation of Christmas Tree Statutes.

97 AN ACT Concerning Representation on Joint Committee Between the George Stevens Academy and Nearby Towns.

REQUEST #

PIERCE, RICHARD - SEN. KENNEBEC

- 139 AN ACT to Clarify the Definition of Residence for Purposes of the Inland Fisheries and Wildlife Laws.
- 335 AN ACT Relating to Malpractice Insurance Companies.
- 374 AN ACT Authorizing Municipalities to Provide Textbooks and other Nonsecular Services to Elementary and Secondary Pupils Attending Private Schools.

POST, BONNIE - REP. ROCKLAND

- 202 RESOLVE, Authorizing Mable and Edward Benner to Bring Civil Action Against the State of Maine.

SILSBY, JAMES - REP. ELLSWORTH

- 26 AN ACT to Ensure that Agreements Entered into by State Agencies do not Conflict with State Court Orders or Decrees.

SNOWE, OLYMPIA - SEN. ANDROSCOGGIN

- 338 AN ACT Authorizing Mid-state Business School, Inc. to Confer Associate in Applied Science Degrees.
- 417 AN ACT to Provide for Continued Accreditation of Bangor Mental Health Institute.
- 461 AN ACT to Consolidate the Mutual Savings Banks.

REQUEST #

SPEERS, JERROLD - SEN. KENNEBEC

- 109 AN ACT Appropriating Funds to the Grant, Loan, Scholarship Program for Positions at the New England College of Osteopathic Medicine.
- 201 AN ACT to Establish a Retirement Income Tax Credit that is Equal to 20% of the Federal Credit.
- 290 AN ACT to Remove the Sales Tax on All Sales of Commercial, Industrial and Residential Electricity.
- 418 AN ACT to Remove the 6 Month Provisions in Applying Cost-of-Living Adjustments to Retirement Allowances of Retirees.

SPENCER, RICHARD - REP. STANDISH

- 39 AN ACT Relating to Oil Adjustment in Power Purchased from Foreign Companies and Eliminating Atomic and Oil Fueled Power from the Fuel Adjustment Clause.
- 150 RESOLVE, Authorizing Additional Pension Time Credit under the State Retirement System for William Bachelder of Baldwin.
- 185 AN ACT Concerning Membership on the Food and Farmland Study Commission and Placing the Commission under the Department of Agriculture.
- 193 AN ACT to Prevent the Collection of Federal Communications Tax Based on the State Sales Tax.

SPROWL, ARTHUR - REP. HOPE

- 219 AN ACT to Increase Retirement Benefits for Teachers who Taught Prior to July 1, 1942.

REQUEST #

TARBELL, SWIFT - REP. BANGOR

340 AN ACT to Include Mobile Homes under the Definition of Realty in the Statutes Relating to Debtor and Bankruptcy Exemptions.

TARR, GAIL - REP. BRIDGTON

154 AN ACT Authorizing Otisfield to Make a Lump Sum Payment of Principle Bonded Indebtedness owed to Cumberland County upon Otisfield Becoming Part of Oxford County.

TIERNEY, JAMES - REP. LISBON

36 AN ACT to Lower the Costs of Medical Malpractice Arbitration.

206 AN ACT to Clarify the Relationship of Attorneys Employed by the Attorney General's Office to the Collective Bargaining Statute.

371 AN ACT Relating to the Place of Filing Under the Uniform Commercial Code.

TOZIER, KENNETH E., JR. - REP. UNITY

50 AN ACT Concerning the Definition of Take-down or Fells under Arborists Statutes.

TRAFTON, BARBARA - REP. AUBURN

168 AN ACT Relating to Exemptions under the Charitable Solicitations Act.

459 AN ACT Relating to Domestic Violence.

REQUEST #

TROTZKY, HOWARD - SEN. PENOBSCOT

- 104 AN ACT Relating to Licensing of Sewer Plant Treatment Operators.
- 217 RESOLVE, to Transfer a Land Parcel from the Bangor Mental Health Institute to the Region 4 Vocational District.

WOOD, FRANK - REP. SANFORD

- 263 AN ACT to Provide for Alternative Election Procedures for School Budget on a Local Basis.

WYMAN, JASPER - REP. PITTSFIELD

- 24 AN ACT to Prohibit Child Pornography.

STUDY BILLS

- 145 AN ACT to Create a Department of Cultural Resources.