

**129th MAINE LEGISLATURE****LD 1126****LR 1962(01)****Resolve, To Classify Employee Health Insurance as a Fixed Cost for MaineCare Reimbursement in Nursing Homes****Preliminary Fiscal Impact Statement for Original Bill****Sponsor: Sen. Timberlake of Androscoggin****Committee: Health and Human Services****Fiscal Note Required: Yes****Preliminary Fiscal Impact Statement**

	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 Department of Health and Human Services (DHHS) will require General Fund appropriations 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 will also be required 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.