



130th MAINE LEGISLATURE

LD 1112

LR 858(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 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 Department of Health and Human Services will require General Fund appropriations 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 will also be required 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.