



125th MAINE LEGISLATURE

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Legislative Document

No. 1016

H.P. 752

House of Representatives, March 10, 2011

**An Act To Restore the Health Care Provider Tax for Nursing
Homes to 6 Percent**

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "Heather J.R. Priest".

HEATHER J.R. PRIEST
Clerk

Presented by Representative STRANG BURGESS of Cumberland.
Cosponsored by Senator CRAVEN of Androscoggin and
Representatives: EVES of North Berwick, FOSSEL of Alna, HARMON of Palermo, KNIGHT
of Livermore Falls, PETERSON of Rumford, SANBORN of Gorham, Senators: President
RAYE of Washington, ROSEN of Hancock.

1 **Be it enacted by the People of the State of Maine as follows:**

2 **Sec. 1. 36 MRSA §2872, sub-§2, ¶C**, as amended by PL 2007, c. 539, Pt. X, §2,
3 is further amended to read:

4 C. For whole or partial facility fiscal years beginning on or after July 1, 2003 and
5 before January 1, 2008, the tax imposed against each nursing home is equal to 6% of
6 its annual net operating revenue for the corresponding whole or partial facility fiscal
7 year; ~~and~~

8 **Sec. 2. 36 MRSA §2872, sub-§2, ¶D**, as enacted by PL 2007, c. 539, Pt. X, §2, is
9 amended to read:

10 D. ~~Beginning~~ For whole or partial facility fiscal years beginning on or after January
11 1, 2008 ~~for any partial facility fiscal year and for whole facility fiscal years beginning~~
12 ~~on or after January 1, 2008 and before October 1, 2011~~, the tax imposed against each
13 nursing home is equal to 5.5% of its annual net operating revenue for the
14 corresponding whole or partial facility fiscal year; and

15 **Sec. 3. 36 MRSA §2872, sub-§2, ¶E** is enacted to read:

16 E. Beginning October 1, 2011 for any partial facility fiscal year and for whole
17 facility fiscal years beginning on or after October 1, 2011, the tax imposed against
18 each nursing home is equal to 6% of its annual net operating revenue for the
19 corresponding whole or partial facility fiscal year.

20 **Sec. 4. 36 MRSA §2873, sub-§4**, as enacted by PL 2001, c. 714, Pt. CC, §3 and
21 affected by §8 and amended by PL 2003, c. 689, Pt. B, §§6 and 7, is further amended to
22 read:

23 **4. Application of revenues.** Revenues derived by the tax imposed by this chapter
24 must be credited to a General Fund suspense account. On the last day of each month, the
25 State Controller shall make the following transfers:

26 A. ~~All~~ Beginning October 1, 2011, all revenues received by the assessor during the
27 month pursuant to this chapter from nursing homes net of refunds must be credited to
28 the Nursing Facilities Other Special Revenue funds account in the Department of
29 Health and Human Services. ~~The Commissioner of Health and Human Services is~~
30 ~~authorized to make revenue transfers from the Nursing Facilities Other Special~~
31 ~~Revenue funds account to the Medical Care Payments to Providers Other Special~~
32 ~~Revenue funds account and the Long Term Care Human Services Other Special~~
33 ~~Revenue funds account in amounts not to exceed legislative allocations in any fiscal~~
34 year and all revenues credited to such account must be applied to provide
35 cost-of-living increases to MaineCare reimbursement to nursing homes and to
36 medical and remedial private nonmedical institutions that are reimbursed room and
37 board costs and certain other allowable costs under rules adopted by the Department
38 of Health and Human Services; and

39 B. All revenues received by the assessor during the month pursuant to this chapter
40 from residential treatment facilities net of refunds must be credited to the Residential

1 Treatment Facilities Assessment Other Special Revenue funds account in the
2 Department of Health and Human Services.

3 Notwithstanding the provisions of Public Law 2007, chapter 240, Part X, section 2,
4 Public Law 2009, chapter 213, Part SSSS, section 1 or any other provision of law, any
5 available balances in the accounts under this subsection may not be transferred between
6 accounts by financial order or otherwise.

7 **SUMMARY**

8 Federal law permits states to use provider-specific taxes to fund their state shares of
9 Medicaid expenses subject to certain limitations. This bill amends existing provisions
10 effective October 1, 2011, increasing the provider tax rate applicable to nursing home
11 from 5.5% to 6%, consistent with applicable federal requirements, and repealing
12 authorization for the Commissioner of Health and Human Services to transfer funds
13 received from nursing facilities that are credited to the Nursing Facility Other Special
14 Revenue funds account in the Department of Health and Human Services.

15 It requires that funds received from this increased provider tax be applied to provide
16 cost-of-living increases to MaineCare reimbursement to nursing homes and medical and
17 remedial private nonmedical institutions that are reimbursed room and board costs and
18 certain other allowable costs under rules adopted by the Department of Health and
19 Human Services and may not be transferred for other purposes.