

Janet T. Mills  
Governor

Jeanne M. Lambrew, Ph.D.  
Commissioner



Maine Department of Health and Human Services  
Commissioner's Office  
11 State House Station  
109 Capitol Street  
Augusta, Maine 04333-0011  
Tel: (207) 287-3707; Fax: (207) 287-3005  
TTY: Dial 711 (Maine Relay)

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Senator Joseph Baldacci, Chair  
Representative Michele Meyer, Chair  
Members, Joint Standing Committee on Health and Human Services  
100 State House Station  
Augusta, ME 04333-0100

Re: LD 587 – *Resolve, To Automatically Increase a Residential Care or Nursing Facility Resident's Personal Needs Allowance Under the MaineCare Program When the Consumer Price Index Increases*

Senator Baldacci, Representative Meyer, and Members of the Joint Standing Committee on Health and Human Services:

This letter is to provide information regarding LD 587, a Resolve, To Automatically Increase a Residential Care or Nursing Facility Resident's Personal Needs Allowance Under the MaineCare Program When the Consumer Price Index Increases. The resolve would require the Department, by July 1, 2024, to amend its MaineCare rules to apply an annual cost-of-living increase to the personal needs allowance for MaineCare members residing in nursing facilities and residential care facilities. This cost-of-living increase applies the metrics used by the Consumer Price Index for Urban Wage Earners and Clerical Workers, CPI-W, for the Northeast Region.

MaineCare members within nursing and residential care facilities pay most of their income to the facility for their care, with the Department covering the balance of the cost. The personal needs allowance is an amount the individual is permitted to keep for personal needs that are not covered by MaineCare, such as clothing, haircuts, and personal care items. The Department pays the balance of the cost of care that remains after the individual's income and personal needs allowance is deducted. The proposed increase in the personal needs allowance would result in an additional balance which is the responsibility of the Department. The personal needs allowance for nursing and residential care residents has not been increased in decades.

We estimate that there will be a fiscal impact from this bill. This fiscal impact occurs because residents would pay less toward the cost of their care and consequently the Department, not the client, would pick up more of the costs. Additionally, there will be a cost to changing the technology system to accommodate this policy change.

The Centers for Medicare and Medicaid Services (CMS) will need to approve the personal needs allowance increase at initial increase and each occurrence thereafter, for nursing facility residents. The initial approval from CMS, rulemaking and technology system changes would take approximately 18-24 months, making it impossible for the Department to achieve the July 1, 2024 implementation date required in this bill.

Finally, the Department recommends for calculation purposes that any rounding required if this bill should pass be at the discretion of the Department. Cost of care calculations are often completed manually by staff and whole numbers are preferred to simplify the process and understanding for staff, providers and MaineCare members.

We wanted you to be aware of the above information as you consider this bill going forward. If you have any further questions, please feel free to contact me.

Sincerely,

*Anthony Pelotte*

Anthony Pelotte, Director  
Office for Family Independence