

Janet T. Mills  
Governor

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Commissioner



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April 5, 2021

Senator Ned Claxton, Chair  
Representative Michelle Meyer, Chair  
Members, Joint Standing Committee on Health and Human Services  
100 State House Station  
Augusta, ME 04333-0100

Re: LD 1112 – *Resolve, To Classify Employee Health Insurance as a Fixed Cost for MaineCare Reimbursement in Nursing Homes*

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

The Department is writing in opposition to LD 1112 – *Resolve, To Classify Employee Health Insurance as a Fixed Cost for MaineCare Reimbursement in Nursing Homes*. This resolve requires the Department 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.

The Department's recently concluded Comprehensive Rate System Evaluation recommends reforming reimbursement to move away from cost settlement, as cost-based reimbursement provides insufficient incentive to contain costs, has no relation to the quality of services provided, can result in inequitable compensation to providers delivering the same services, and is very administratively burdensome to both providers and to the Department. The Evaluation recommends this work start for Nursing Facilities in FY23; the Department is reviewing recommendations to determine its plan for adoption and timing of these recommendations. The Department does not believe it is appropriate or efficient to make changes to the current cost-based reimbursement system in the meantime.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Michelle Probert".

Michelle Probert  
Director  
Office of MaineCare Services