



Frequently Asked Questions: Supplemental Payments for Sections 2, 67, and 97 Appendix C Providers *Updated November 8, 2021*

As [previously communicated](#), pursuant to [PL 2021 Chap 398](#) (pages 107, 118, 131, and Sec QQQQ-1), the Department of Health and Human Services will be issuing over \$37 million in state funds in supplemental COVID-19 payments to in-state Nursing Facilities (NFs), PNMI Appendix Cs (Residential Care Facilities, or RCFs), and Adult Family Care Homes (AFCHs). The Department estimates that this will draw approximately \$86 million in federal matching funds, for a total of approximately \$123 million. Specific details can be found in our e-messages on [September 10th](#) and [21st](#).

This document is intended to answer questions regarding the methodology, appropriate use of funds, and more.

1. How did the Department calculate payments for new facilities for which there was not a full year of 2019 MaineCare reimbursement data upon which to base supplemental payment calculations?

The Department made the determination on the basis of each individual facility that did not have a full year of CY 2019 claims experience to determine which subsequent calendar or fiscal year period to use as the base year for the revenue portion of the payments. The Department reviewed the following time periods to select the period for each facility for which there were a full 12 months of claims available, and/or that reflected the highest revenue amount for the facility:

- CY2020 (1/1/2020 – 12/31/2020)
- SFY2021 (7/1/2020 – 6/30/2021)
- CY2021 (1/1/2021 – 12/31/2021)

New! Updated October 19, 2021: For facilities where the CY2021 time period was selected per the criteria above, the Department determined an annualized amount based on the CY21 claims available.

2. What facilities are eligible for these supplemental payments? For example, are Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF-IDD) Section 50 providers eligible?

As detailed in PL 2021 Chap 398 and communicated [via e-message](#), Sections 2, (Adult Family Care Services), 67 (Nursing Facility Services), and 97 (PNMI Appendix C-Medical and Remedial Service Facilities) are eligible for these supplemental payments. Section 50 providers are not eligible.

3. What qualifies as an allowable use of funding for recruitment/ retention bonuses or other wage increases?

Any recruitment or retention bonuses that are in compliance with the principles of reimbursement, which require a clear written policy that identifies the purpose of the bonus, how the bonus is measured, and the amount of the bonus, will be allowed.

4. Can these supplemental payments be used to fund minimum wage or other ongoing wage-related costs?

As detailed in PL 2021 Chap 398, these supplemental payments are time-limited and one-time related to COVID-19 impacts. The period of performance is from July 1, 2021 to June 30, 2022. The Department recommends that providers use this funding for time-limited and/or one-time payments. Minimum wage is not a COVID-related cost; however, temporary increases to wages due to staffing shortages or incentive payments for recruitment or retention would be allowable.

5. Can the supplemental payments be used for the following direct care worker recruitment and retention efforts: housing vouchers, hotel rental fees for traveling workers, daycare subsidies, transportation assistance, etc.?

New! Updated October 19, 2021: Providers may include the cost of housing expenses and daycare subsidies necessary to recruit and/or retain employees into the amount of any bonuses paid to employees. The criteria rationale for the amount of the bonus must be a part of a written policy as described above (e.g. how much an employee may receive for housing and in what circumstances). The provider must make such payments to the employee and not directly to a landlord, hotel, daycare provider, etc. Bonus payments intended to offset housing, daycare and transportation costs are allowable as an extraordinary circumstance during the Public Health Emergency and will be excluded from rebasing calculations to determine future rates.

6. New Question (October 19, 2021): What are examples of “measurable” job performance that must be documented in written policy for recruitment/ retention bonuses?

Examples of measurable performance outcomes could include requirements for amount of time employees must be employed with the organization in order to receive recruitment or retention bonuses, or satisfactory performance as documented on an annual performance evaluation, etc.

7. Can a facility use supplemental funds to support CNA training for employees?

New! Updated October 19, 2021: Yes. Facilities may use supplemental funds for a variety of activities intended to support CNA training. This includes but is not limited to costs to the facility of conducting, or partnering with an external entity to conduct, CNA trainings for individuals; reimbursing employees for the costs of CNA training; or providing incentive bonuses to staff to engage in and/or complete CNA training and certification. If providers are making a payment to individuals to engage in and/or complete CNA training or certification, the provider should have

an agreement with the student for at least six months of employment after completion of the training.

8. Can the supplemental payments be used for COVID-19-related expenses such as installation of an HVAC system and renovations to help mitigate the spread of COVID-19?

Yes, the supplement payments can be used for such COVID-19 related expenses. However, if the items purchased meet the definition of what needs to be capitalized in the principles of reimbursement, the facility will need to capitalize the items. An HVAC system and renovations may meet the definition of a capital asset, which has a useful life of more than one year and a cost exceeding \$500.

New! Updated November 8, 2021: Please note that providers may only use the supplemental payments to either purchase an item like an HVAC OR depreciate that item. Providers may not use the funds to both purchase and depreciate an item.

9. It may be difficult to identify specific or incremental cost increases on an invoice-by-invoice basis. How will incremental increases in per patient day expenses be handled?

Providers will not be required to get to the invoice level to justify costs. However, providers will need to show that they have allowable MaineCare expenses that are not covered by their regular rate of reimbursement. This can be done by demonstrating the cost per day for a particular expense line on the cost report has increased from pre-COVID levels. For example, if the food expense pre-COVID was \$5.00 per day and the expense increased to \$7.00 per day during COVID, the supplement payment could cover the additional \$2.00 multiplied by the MaineCare days.

10. Can providers use a supplemental payment paid to one facility for costs associated with a separate but affiliated MaineCare-enrolled Nursing Facility or Residential Care Provider?

No, the provider cannot share the supplemental payment for one facility with affiliated MaineCare Nursing Facilities, or PNMI C Residential Care Facility providers.

New! Updated October 19, 2021: Payments are authorized at the state and federal levels under policies specific to provider type: Section 67, Nursing Facilities; Section 97, Appendix C, Residential Care Facilities; and Section 2, Adult Family Care Homes. A provider organization cannot repurpose payments appropriated and paid to one provider type to support costs by a separate provider type. Multi-level facilities must track revenue and spending by separate provider type. Providers should contact [Tammy Usher](#) to determine their total payment amounts per facility type.

New! Updated November 8, 2021: Providers do not need to track expenses that are shared across facility types (e.g. utilities) separately by provider type. Instead, providers can use the same allocation methods as they would on cost reports to determine the percentage allocation for shared expenses for each level of care.

11. Can the Department align requirements for these supplemental payments to the Provider Relief Fund (PRF) program requirements? Can the provider use these supplemental payments to cover non-MaineCare share of costs or lost revenues, like it could under the PRF program?

No. CMS prohibits the use of Medicaid funds for non-Medicaid-related expenses. The PRF program was a discrete non-Medicaid program with separate requirements.

12. How will these supplemental payments be treated for the July 1, 2022 Nursing Facility rebasing?

Generally, if the costs funded by the supplemental payment are for ongoing allowable costs, then those costs will be included in rebasing calculations. If a cost is a one-time cost, then it will not be included in the rebasing calculations.

New! Updated November 8, 2021: Costs described in the updated response to number 5. above will not be included in rebasing calculations.

13. How will the Department settle supplemental payments available for use through June 2022 on December 31, 2022 cost reports? Will the settlement occur upon the filing of cost reports ending on or after June 30, 2022?

Starting September 30, 2021, the cost reports will include a schedule to identify the use of the supplemental payments. The use of the payments will need to be settled in the period in which the funds were utilized.

14. Can you explain the revenue-based and occupancy-based components of these payments? Please clarify the allocation of funding for providers that operate both nursing facilities and residential care homes. How is the funding allocated between facilities if they received a lump sum payment?

First, the overall payment was allocated to each Provider Type (Nursing Facilities, Residential Care Homes and Adult Family Care Homes) based on revenue paid to each Provider Type.

Then, for Nursing Facilities and Residential Care Homes, 75% of the respective totals for the provider types was allocated to the revenue-based portion of the payment and the remaining 25% was allocated to the occupancy-based portion.

The Revenue portion was then allocated to individual facilities based on their relative shares of total revenue for each provider type. The Occupancy portion (only for Nursing Facilities and Residential Care Homes) was allocated to providers based on their respective shares of monthly vacancies between January and June of 2021.

The revenue-based and occupancy-based components were then added up for each site, and payments to the pay-to provider were summed, as applicable, across sites, regardless of

provider type. Payments to Adult Family Care Homes were allocated based solely on revenue, given that we do not have occupancy data for these facilities.

Approximately 50% of these total payment amounts per pay-to provider went out in September, and the remaining amount will go out in October.

New! Updated October 19, 2021: Multi-level facilities should contact Tammy Usher to determine their total payment amounts per facility type.

15. New Question (November 8, 2021): Can supplemental payments be used for expenses associated with international nurse recruitment, such as legal expenses specific to recruiting health care workers?

Generally, recruitment expenses are allowable. For questions specific to legal expenses, please contact [Trisha White](#) with DHHS Audit.

16. New Question (November 8, 2021): Can supplemental funds be used to give bonuses to contracted staff, such as those who work in environmental or dietary services?

Yes, bonuses for contracted staff are an allowable use as long as the payments are coordinated and paid through the contractor organization, and reasonable and necessary to ensure adequate staffing. The provider should outline their policy for bonuses to any contracted staff as part of their overall written bonus policy (see questions 3 and 6, above).

Please contact Provider Relations Specialist, [Tammy Usher](#), with any questions.