DATE: December 13, 2012

TO: Interested Parties

FROM: Patricia Dushuttle, Director of Policy Division, MaineCare Services


The Legislature amended 36 MRSA 2872, by increasing the tax on ICF-MRs from 5.5% to 6%, effective October 1, 2011. P.L. 2011, ch. 411. This rule proposes to change ICF MR reimbursement to allow reimbursement of the 6% tax, subject to CMS approval. This rule has a retroactive application with an effective date of October 1, 2011, which is authorized under 22 MRSA Sec. 42(8) because this rule amendment will benefit providers, by increasing their reimbursement.

Rules and related rulemaking documents may be reviewed and printed from the Office of MaineCare Services website at http://www.maine.gov/dhhs/oms/rules/provider_rules_policies.html or for a fee, interested parties may request a paper copy of rules by calling 207-287-9368. For those who are deaf or hard of hearing and have a TTY machine, the TTY number is 711.

A concise summary of the proposed rule is provided in the Notice of Agency Rule-making Proposal. This notice also provides information regarding the rule-making process. Please address all comments to the agency contact person identified in the Notice of Agency Rule-making Proposal.
Notice of Agency Rule-making Proposal

AGENCY: Department of Health and Human Services, MaineCare Services

RULE TITLE OR SUBJECT: MaineCare Benefits Manual, Chapter III, Section 50, Principles of Reimbursement for Intermediate Care Facilities for the Mentally Retarded (ICF-MR) Services

PROPOSED RULE NUMBER:

CONCISE SUMMARY: The Legislature amended 36 MRSA 2872, by increasing the tax on ICF-MRs from 5.5% to 6%, effective October 1, 2011. P.L. 2011, ch. 411. This rule proposes to change ICF MR reimbursement to allow reimbursement of the 6% tax, subject to CMS approval. This rule has a retroactive application with an effective date of October 1, 2011, which is authorized under 22 MRSA Sec. 42(8) because this rule amendment will benefit providers, by increasing their reimbursement.


THIS RULE WILL _X_ WILL NOT ___ HAVE A FISCAL IMPACT ON MUNICIPALITIES.

STATUTORY AUTHORITY: 22 M.R.S.A. §§ 42, 3173, 22 MRSA Sec. 42(8)

PUBLIC HEARING:

Date: January 9, 2012, 9:00 AM
Location: Conference Room # 1A & 1B
Department of Health and Human Services
Office of MaineCare Services
442 Civic Center Drive
Augusta, ME

The Department requests that any interested party requiring special arrangements to attend the hearing contact the agency person listed above before January 2, 2012.

DEADLINE FOR COMMENTS: Comments must be received by midnight January 19, 2012.

AGENCY CONTACT PERSON: Jamie L. Paul, Comprehensive Health Planner II
AGENCY NAME: MaineCare Services
ADDRESS: 442 Civic Center Drive
11 State House Station
Augusta, Maine  04333-0011

TELEPHONE: 207-287-4460 FAX: (207) 287-9369
TTY: 711 (Deaf or Hard of Hearing)
3000 **FIXED COST COMPONENT** (cont.)

3005.9 **ICF-MR Health Care Provider Tax.** ICFs-MR subject to the Health Care Provider Tax defined in State law 36 M.R.S.A., Chapter 373, will have the tax treated as an allowable fixed cost. Currently, if CMS approves, effective October 1, 2011, the tax imposed is equal to five and a half percent (5.5%) of its facility’s annual gross patient services revenue, for the fiscal year. This expense is allowed based on a cash basis instead of accrual basis.

3005.10 mandated direct care staff training program costs as required by State and Federal regulations.

3005.11 mandated accreditation costs.

3005.12 approved administrator in training expense.

3010 **Depreciation.** Allowance for depreciation based on asset costs.

3011 **Principle.** An appropriate allowance for depreciation on buildings and equipment is an allowable cost. The depreciation must be:

3011.1 Identified and recorded in the provider’s accounting records.

3011.2 Based on historical cost and prorated over the estimated useful life of the asset using the straight-line method. If the estimated life of an asset is less than the term of the note used to purchase it, then the term of the note will be used for the life of that asset.

3011.21 The total historical costs of a building as constructed or purchased becomes the basis for the straight line depreciation method. Component depreciation is not allowed except on those items listed below with their minimum useful lives:

<table>
<thead>
<tr>
<th>Component</th>
<th>Minimum Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electronic Components</td>
<td>20 year life</td>
</tr>
<tr>
<td>Plumbing and Heating Components</td>
<td>25 year life</td>
</tr>
<tr>
<td>Central Air Conditioning Unit</td>
<td>15 year life</td>
</tr>
<tr>
<td>Elevator</td>
<td>20 year life</td>
</tr>
<tr>
<td>Escalator</td>
<td>20 year life</td>
</tr>
<tr>
<td>Central Vacuum Cleaning System</td>
<td>15 year life</td>
</tr>
<tr>
<td>Generator</td>
<td>20 year life</td>
</tr>
</tbody>
</table>

3011.22 Any provider using the component depreciation that has been audited and accepted for cost reporting purposes prior to April 1, 1980, will be allowed to continue using this depreciation mechanism.

3011.3 Where an asset that has been used or depreciated under the program is donated to a provider, or where a provider acquires such assets through testate or intestate distribution (e.g., a widow inherits a skilled nursing facility upon the death of her husband and becomes a newly certified