

# DHHS FY 16/17 Budget Initiative: Nursing Facility Funding

## Background

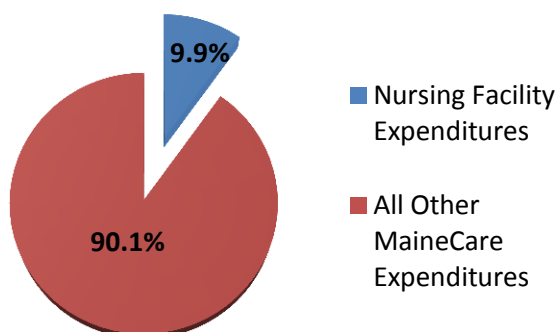
Historically, Maine has underfunded nursing facilities by as much as \$30 million annually. The inadequate resources have made it challenging, particularly for small rural nursing facilities, to stay in business and continue providing essential long term care services to their communities. The 126<sup>th</sup> Legislature approved PL 2013, chapter 594 which, among other things, established regular rebasing and cost of living increases in law. However, the legislature did not provide enough funds to cover the cost of the legislation and did not provide any funds beyond State Fiscal Year 2015. As a result, this initiative is necessary to pay for the legislation approved last year and to ensure ongoing funding. Key components of the initiative include:

- Routine and direct care cost component rebasing every two years beginning July 1, 2014.
- Peer group upper limit increase on the base year case mix and regional adjustment of costs per day for both the routine and direct care cost components.
- Ongoing annual rate increases, effective July 1, 2014 to adjust for inflation.
- Supplemental payments to NF providers whose MaineCare membership constitutes more than 70 percent of the NFs total number of residents.

## Current Analysis

Approximately 10 percent of total MaineCare expenditures fund nursing facility reimbursement. There are approximately 6,800 nursing facilities beds in Maine with more than 90 percent of available beds statewide being filled. Of the 6,800 nursing facility beds, 67 percent are reimbursed by Medicaid. As the baby boomer generation ages over the next five years, Maine's over-65 population is expected to increase by 26 percent. While the Department continues to focus on strategies to support individuals in their homes longer, nursing facilities will remain an essential component of the long term care continuum.

FY14 Nursing Facility & MaineCare Expenditures



## Request for Funding

Year	State	Federal	Total
SFY 16	\$11,589,909	\$19,291,810	\$30,881,719
SFY 17	\$14,625,642	\$24,553,683	\$39,179,325