

Frequently Asked Questions about Supplemental Payments: Supplemental Payments for Sections 2, 67, and 97 Appendix C Providers

April 26, 2023

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)

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.?

No. The supplemental payments need to be used on allowable costs as defined in the principles of reimbursement. For worker recruitment and retention purposes, this would include, for example, hazard pay, bonuses and incentives that are part of a written policy of the provider and which requires some measurable and attainable job performance from the employee, and any of the benefits specifically identified in policy (i.e. retirement plan contributions, health, dental or life insurance and cafeteria plans).

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

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 staff; reimbursing employees for the costs of CNA training; or providing incentive bonuses to staff to engage in and/or complete CNA training and certification.

7. 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.

8. 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.

9. 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.

10. 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.

11. 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.

12. How will the Department settle supplemental payments? Will the settlement occur upon the filing of cost reports for the fiscal years that include this supplemental payment?

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.

12. 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.

Please contact Provider Relations Specialist, [Bruce Cosgrove](#), with any questions.