

April 11, 2025

Senator Hickman, Representative Mastraccio, members of the Committee on Government Oversight, my name is Benjamin Mann and I am Deputy Commissioner for Finance at the Maine Department of Health and Human Services.

While I feel certain the Department and Maine Veterans' Homes (MVH) should have, and would have, been able to work out the details of this payment on our own, we are happy to provide an explanation to the committee today.

I'll start by providing some background on how we got to today. In addition to regular claims-based billing and additional supplemental payments provided to all nursing facilities, MVH receives dedicated supplemental payments. The first supplemental payment of \$1M was made in FY2022. Another payment of \$2.4M followed in FY2023.

In FY2024, two different funding amounts were approved by the legislature: an ongoing supplemental payment of \$2.4M was included in the FY24-25 biennial budget and a separate one-time allocation of \$11M was provided under Resolve 2023, ch.117 (LD 985). Both funding bills were specific to MVH funding for nursing facilities (rather than both the nursing facilities and residential care facilities run by MVH). These bills passed in July 2023. The language from LD 985 was amended a year later in April 2024 to include residential care facilities. The combination of multiple supplemental payments for different purposes combined with retroactive amendments by the legislature, the need to seek federal approval multiple times, tracking federally matchable and state-only expenses, and the requirement to only reimburse for actual costs and not more, created a dynamic and complex situation.

In short, the Department will be making an additional payment in the sum of \$1,861,999. This would bring the total payments related to the FY2024 funding to \$8,789,318—a nursing facility only payment of \$4,784,059 that was made in May 2024, a residential care facility payment of \$2,143,260 made in January of this year and then this upcoming payment. This amount will fully utilize all of the state funding that was provided in the two different bills for MVH in FY24 (Governor's budget and LD985). This total payment amount does not match the original allocation in LD985 for several reasons, including that the OSR allocations were estimates and based on projected tax revenues which subsequently changed, not all of the payments were federally matchable and thus the federal allocations were overstated, and the federal match rate has declined since the bills were passed.

The \$1.8M forthcoming payment is comprised of \$1.3M federal and state funding for the balance of the FY23 MVH residential care shortfall and about \$550K for the state only, non-federally matchable residential care facility room and board shortfall.

I want to underscore that this payment is not late—Part TTTT of last year’s supplemental budget (PL 2023, ch.643), which amended LD 985, required the payment to be made in FY2025, the current fiscal year. We are on track to do that. Recall that the Department had to seek and receive federal approval before making the payments, and most recently received that approval for residential care facility payment in December 2024, a little more than 3 months ago.

Additionally, LD 985 and Part TTTT did not contemplate a state-only payment to MVH, only a federally matchable payment, and it specified using only the balance from LD 985. Further, payments that the Department has already made (i.e. the \$4.7M nursing facility payment and the \$2.1M residential care facility payment) used all of the \$2.6M in cash transferred from the cannabis fund provided under LD 985. However, upon further research and analysis by our team, we are comfortable using all available funding sources, namely the \$2.4M supplemental payment originally provided in the Governor’s budget. It is reasonable to assume that the legislature intended to use the funding provided to offset as much of the MVH nursing facility and residential care facility shortfalls as possible. This is further underscored by the legislature more accurately providing the FY2025 MVH supplemental payments specifically and proactively in three parts: nursing facilities, residential care facilities, and state-only room and board—unlike how LD 985 was allocated originally.

We will make this payment in the coming weeks. And as I just mentioned, we have additional FY2025 MVH payments that will be reconciled to the MVH FY2024 cost reports and will be paid prior to June 30 as well.

With that I am happy to answer any questions that you have.