



Maine Health Care Association

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**Testimony of Angela Cole Westhoff, President and CEO
Maine Health Care Association**

To the Joint Committee on Appropriations and Financial Affairs
With the Joint Committee on Health and Human Services

Thursday, January 26, 2023

In Support of Long Term Care Provisions in:

LD 206, An Act to Make Supplemental Appropriations and Allocations from the General Fund and Other Funds for the Expenditures of State Government and to Change Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Year Ending June 30, 2023

Good afternoon Senator Rotundo, Representative Sachs, Senator Baldacci, Representative Meyer and members of the joint standing committees. My name is Angela Westhoff, and I serve as the President and CEO of the Maine Health Care Association. We represent approximately 200 nursing homes and assisted living/residential care facilities (also known as Private Non-Medical Institutions or PNMI's) across the state. Our mission is to empower members to ensure the integrity, quality, and sustainability of long term care in Maine. I am pleased to be here today to provide testimony in support of sections of the Supplemental Budget that pertain to long term care and to highlight the ongoing financial crisis providers are facing.

We are grateful that this Supplemental Budget proposal includes an additional \$25 million in one-time funding in the form of COVID Supplemental Payments to long term care

providers. This builds upon the prior supplemental payment installments to help address the increased costs of personal protective equipment (PPE), testing, medical supplies, etc.

Continuing this program is very important. We would also like to express our appreciation to the Department for their collaboration in amending the criteria and timelines to assist facilities in earning more of these supplemental payments. To that end, we request that the existing Supplemental COVID payment period be extended to June 30, 2024 to match the deadline with this new \$25 million supplemental payment. This would create less confusion and be less administratively burdensome for both facilities and the state.

The toll of the pandemic cannot be understated. Long term care facilities across the country were devastated by the impact of the virus and the ripple effects continue to impact this sector in significant ways. In the wake of recent facility closures (five nursing home facilities and one assisted living facility closed in 2021), there are some common challenges that must be overcome for facilities to be sustainable. Two of those key challenges are staffing and lagging reimbursement.

Data published earlier this month by the American Health Care Association (AHCA) indicated that nursing homes nationwide have lost over 210,000 jobs since the beginning of the pandemic and long term care workforce levels are the lowest they have been in 15 years.¹ In Maine, we estimate we lost approximately 10% of our workforce which is especially harmful because COVID drastically exacerbated an existing shortage of direct care givers. While other health care sectors have begun to see rebounds in their workforce, nursing homes and assisted living facilities remain at a crisis level. Recently published workforce trend data indicates that we will not return to pre-pandemic levels of staffing until 2027- a long four years from now.²

¹ Long Term Care Jobs Report: <https://www.ahcanal.org/News-and-Communications/Fact-Sheets/FactSheets/LTC-Jobs-Report-Jan2023.pdf>. Accessed January 22, 2023.

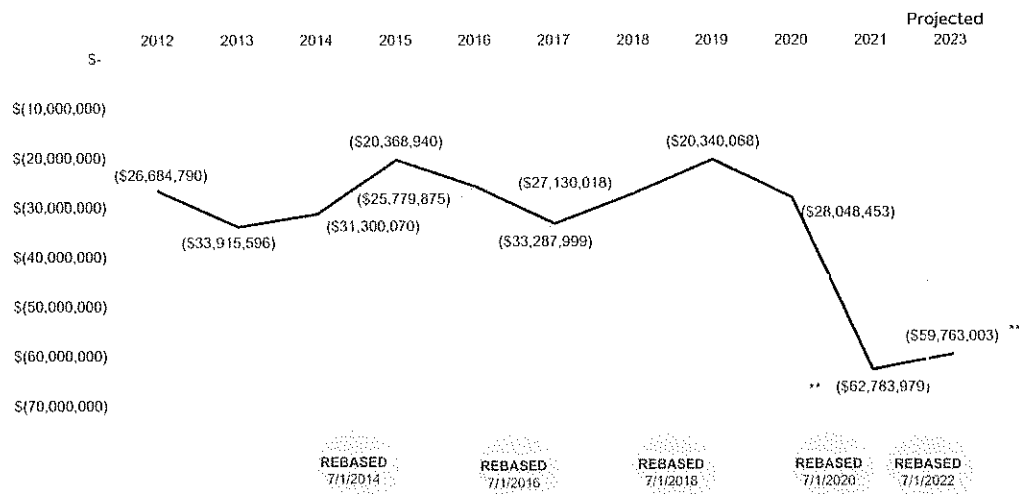
² Ibid.

The pandemic also created a significant occupancy decline in our long term care facilities that continues to be driven today by a shortage of staff. Although providers may have the capacity, they may not have the staff to care for residents. As such, they are limiting admissions, which is contributing to access challenges across the state with too many patients waiting in hospitals for long term care placement.

While we commend the administration and legislature for their important work in increasing the minimum wage for direct care workers, reimbursement rates have not kept pace with the increase in labor costs and associated benefits. In 2021, long term care providers experienced a \$62.7 million shortfall between the cost of providing long term care and MaineCare (Medicaid) reimbursement (*see Industry Trends: Nursing Facility Shortfall graph*). Supplemental payments reduced that shortfall to approximately \$47 million.

Industry Trends

Nursing facility shortfall



**FY 2021 and projected 2023 shortfalls include \$16,080,890 and \$12,142,470 of costs expected to be offset by supplemental payments

* Source - As Filed MaineCare Nursing Facility Cost Reports, 2012 - 2021

While actual 2022 cost report data is not yet available, detailed calculations and modeling performed by BerryDunn CPA firm, the projected shortfall for 2023 is estimated to be at \$60 million. The supplemental payment program does not fully meet the need. Further, federal relief

program dollars do not exist anymore to offset losses and the cost of providing care is skyrocketing with inflation at unprecedented levels. Reimbursement continues to lag behind. The biennial budget has some additional funds for cost-of-living increases, but these funds are not enough to adequately address the structural shortfalls in our reimbursement system.

Maine Health Care Association anticipates and eagerly looks forward actively contributing to the important rate review and rate reform work ahead of us. However, long term care financing is complicated, and it will take some time to plan and develop a new and adequate reimbursement structure. A new reimbursement system will most assuredly require additional resources in the long run. For the immediate future, we are looking for temporary solutions to patch us through until the new system is ready to be implemented. There is legislation being proposed that will further this discussion and we look forward to partnering with the Department on potential solutions.

Our members deeply appreciate the \$25 million in one-time Supplemental COVID payments, but we want to highlight the ongoing funding challenges. As the session moves ahead this \$25 million is a great start, but additional supports will be needed as a bridge until a new funding model is available - which will likely not be until 2025. The risk of not addressing this \$60 million shortfall is that additional facilities will close and access to long term care will further deteriorate.

Thank you for your time today, and I would be happy to answer any questions.