



Caribou Nursing Home, Inc.

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dba's of Caribou and Presque Isle Rehab and Nursing Centers

Testimony of Phil Cyr, Owner and Administrator Caribou Rehab and Nursing Center

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

February 27, 2023

Neither for nor against *LD 258, An Act Making Unified Appropriations and Allocations from the General Fund and Other Funds for the Expenditures of State Government and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2023, June 30, 2024 and June 30, 2025*

Senator Rotundo, Representative Sachs, Senator Baldacci, Representative Meyer and distinguished members of the joint standing committees. I am Phil Cyr, owner and administrator of the Caribou Rehab and Nursing Center. I am testifying neither for nor against LD 258.

I sincerely appreciate the past support the legislature and governor have provided to long term care. I also am deeply grateful for the funding in the proposed budget. However, I believe more funding is necessary to sustain our nursing homes, PNMIs, and the continuum of long term care for the Maine's older population.

After farming potatoes for 23 years, my father opened the Caribou Nursing Home in 1973, about 6 weeks before I graduated High School. I joined him in the business after completing my Bachelor's degree in accounting.

In the early 1970s, nursing homes were paid by Medicaid on a cost reimbursement system. We received whatever we spent for good nursing care, not a dollar more or less, it was a breakeven operation. The owner did receive an annual 10% return on his investment to have built the facility. Due to the high inflation of the late 70s and early 80s, the payment system was modified to be a prospective (limited) payment with an annual inflation increase. Under Governor Angus King, the annual inflation increase was dropped to zero for many years. The 10% return on the owner's investment was eliminated.

Since then, it's been an ongoing battle for the industry to receive adequate payment to render good quality care. For the last 20 or so years, if a nursing home doesn't spend all that it receives from Medicaid, any excesses are returned to the state. If a nursing home spends more than it receives from Medicaid, then tough luck, you eat the loss. So if an operator does everything perfectly, they break even. If less than perfect, they will lose money. Any business that doesn't make money will not survive.

Simultaneously, the Center for Medicare/Medicaid Services (CMS) in Washington D.C. has been churning out new regulations demanding more and more from nursing homes across the USA. About 5 years ago, we received 900 new pages of regulations. The annual cost per facility of complying with these was estimated to be \$60,000 by AHCA. This past fall, we received yet another 1,000 pages, no estimate on that cost yet. These new requirements have put hundreds of facilities out of business across America.

Things have changed greatly since my dad got into this business. All 6 of his children worked at our two facilities in Caribou and Presque Isle. All 6 of his children advised their children not to join the family business because it would have to close or be sold to avoid further losses. For 50 years, we cared for our neighbors, the mailman's father, then the mailman himself, etc. We've been accountable to the children of our residents because we meet them everyday at the grocery store, the bank or hardware store.

Our employee's wages are mandated to increase every year by the CPI. Yet, CMS keeps adding more expensive requirements. As more facilities close every year, legislators wonder why we keep needing more money to survive. Maine's nursing home industry, largely built in the 1970s during cost reimbursement days, cannot afford to pay daily operating expenses, let alone update their aged facilities. My Administrative assistant, Natalie, placed her mother in our facility. Prior to Natalie retiring in her 70s, she came into my office, looked at me somberly and said "You and I are not going to get the care my mother has been receiving, will we?" I replied, "Unfortunately, no we will not." We will not be able to continue offering high-quality care because nursing homes across the state are severely underfunded. The reimbursement status quo will lead to fewer facilities, fewer beds, and more uncared-for Mainers. That's why I ask you to increase Medicaid funding for long term care.

Sincerely,



Phil Cyr
President
Caribou Nursing Home, Inc.