

Janet T. Mills
Governor

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Commissioner



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March 20, 2023

Senator Craig Hickman, Chair
Representative Laura Supica, Chair
Members, Veterans & Legal Affairs
100 State House Station
Augusta, ME 04333-0100

Re: LD 985 – *Resolve, to Require the Department of Health and Human Services to Provide Additional Reimbursement to Maine Veterans' Homes*

Senator Hickman, Representative Supica, and Members of the Joint Standing Committee on Veterans & Legal Affairs:

Thank you for the opportunity to provide comments in opposition to LD 985, *Resolve, to Require the Department of Health and Human Services to Provide Additional Reimbursement to Maine Veterans' Homes*. This resolve requires the Department of Health and Human Services to amend its rules governing MaineCare program reimbursement in order to provide additional reimbursement to the Maine Veterans' Homes by ensuring that the Maine Veterans' Homes nursing facilities are reimbursed a per patient daily rate for services to residents.

The care provided by the Maine Veterans' Homes, and nursing and residential care facilities across the state, is important and high quality. That said, the Department has concerns about this bill. First, it is important to note that the 130th Legislature allocated \$2,442,200 in fiscal year 2022-23 (LD 2001) to the Maine Veterans' Homes to offset budget shortfalls. This funding is in the Governor's proposed biennial budget as an ongoing initiative to provide funding for ongoing annual operations at Maine Veterans' Homes, and received unanimous support of the Health and Human Services Committee in their report to the Appropriations and Financial Affairs Committee.

The rate reform system established last year in PL 2021, Ch. 639 created a process for analyzing and prioritizing rates paid to providers. The Department is in the midst of rate reform efforts for Nursing Facilities and Residential Care Facilities, including Maine Veterans' Homes, which should be completed by the end of 2023, be ready for consideration by the Legislature in 2024, and ready for January 1, 2025 implementation.

The goal of P.L. 2021, ch 639 was in part to move toward more consistent, equitable and data driven rates that create incentives for efficiency and high-quality care for members. LD 985 seeks to carve out an exception for one group of long-term care providers. These facilities already receive a per patient daily rate, but what LD 985 does is mandate that the daily rate cover costs that would result in provider-specific rates with no incentives for cost control or quality.

This bill is particularly problematic because it requires that the rate calculation include “the full cost of operating a veterans home, including fixed and variable operating costs, capital replacement, geographic differences and facility size.” This is beyond just the portion of costs required to serve MaineCare members only. Federal law requires that Medicaid only cover expenses related to the costs of providing services to Medicaid members.

We wanted you to be aware of the above information as you consider this bill going forward. If you have any further questions, please feel free to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Michelle Probert". The signature is written in a cursive, flowing style.

Michelle Probert
Director
MaineCare Services