



First Atlantic HealthCare

Testimony of Wanda Pelkey, CPA CFO First Atlantic HealthCare and Board Chair of Maine Health Care Association

To the Joint Standing Committee on Health & Human Services

April 20, 2023, at 1:00 PM

In support of LD 1474, Resolve, Directing the Department of Health and Human Services to Expedite Reimbursement of Nursing Facilities

Dear Senator Baldacci, Representative Meyer, and distinguished members of the Committee on Health and Human Services. My name is Wanda Pelkey, and I serve as the board chair of the MHCA and CFO of First Atlantic HealthCare. My company represents 23 nursing facility and residential care homes throughout Maine: Saco, Portland, Freeport, Falmouth, Skowhegan, Lewiston, Dexter, Dover-Foxcroft, Bangor, Ellsworth, Machias, Lincoln, Millinocket, Calais, Houlton, Waterville and Madawaska.

I'm testifying in support of LD 1474, which would cause the DHHS to expedite Mainecare cost report settlements when amounts are due to our facilities. If amended per Angela Westhoff's recommendation this bill would cause payment of **75% of the calculated settlements** as reported on a nursing facility or residential care facility filed cost report to be paid within 90 days of filing the report.

The problem is simple... swift settlements are one-sided. That is, DHHS requires facilities to make 100% payment of any amounts owed to the State upon filing of the cost report when the report indicates an overpayment. Unfortunately, there is no reciprocal treatment when the cost report settlement is a receivable due to the facility. Today, receivables are paid to the facility only once the cost report has been audited and final settled by the DHHS Division of Audit. This process usually takes several years. At times it's caused my facilities to be awaiting

payment worth several hundred thousand dollars for up to seven years, layering more financial strain in an already financially challenging time.

If passed, this bill will not cause total Mainecare reimbursements to be any more or less, but simply cause any amounts owed to the facility to be “interim settled” by partial payment until the reports are final settled by DHHS in the usual manner.

If the committee has a concern with inaccurate filed cost reports causing unjust payments, please know that facility officers, administrators and cost report preparers certify cost reports are true, correct and complete statements with harsh penalties for misrepresentation or falsification of information. I’m sure the Division of Audit could assure you that NFs and Residential Care Facilities have a proven track record of highly accurate cost report filings. Further, an interim settlement worth 75% of the calculated amount due is meant to buffer any adverse cost report adjustments made by DHHS on final settlement.

If passed this bill will expedite payments owed to facilities and for that reason I fully support it. I appreciate the opportunity to provide information to you and I’d be happy to answer any questions you have.