

**Testimony of Michael Tyler, Managing Partner Sandy River Company and Board
Member
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**

Senator Baldacci, Representative Meyer, and members of the Committee on Health and Human Services. My name is Michael Tyler, and I am the managing partner of the Sandy River Company and serve on the Board of the Maine Health Care Association. I have been involved with the operation and development of long-term care facilities providing needed services to Maine's most vulnerable citizens for the last 43 years.

I am providing testimony in support of LD 1474. As drafted, this resolve requires DHHS to amend its rules in Chapter 101: MaineCare Benefits Manual, Chapter III, Section 67, Principles of Reimbursement for Nursing Facilities, to require the department to pay providers at least 75% of a Nursing and PNMI facility's underpayment as calculated on the facilities submitted cost reports within 90 days of receipt. I would respectfully ask that the committee amend the bill to also include amounts due to residential care facilities, as described in MaineCare Benefits Manual, Chapter III, Section 97.

This bill is straightforward. It would require the Department to pay 75% of receivables based upon an as filed cost report. Nursing and PNMI facilities are heavily regulated, and their cost reports are subject to review and audit. Historically it has taken many years to audit, settle and make payments to facilities for amounts that are owed, creating a significant financial burden. Facilities are obligated to pay 100% any amounts that their as-filed cost reports show are due to the State of Maine with the cost report submission, regardless of whether they are owed from the State for prior year cost reports, which await audit by the State. In other words, you cannot

have a balance due to a facility (credit) offset a prior balance owed from a facility even if both are awaiting audit.

Long term Care Facilities are facing the worst workforce crisis the sector has ever experienced, resulting in facilities throughout the State running at very low occupancies and Hospitals unable to move patients to appropriate long-term settings, resulting in elective surgery being delayed.

The amount and cost of temporary nursing staff that is currently being incurred by Nursing facilities and Hospitals is unsustainable and will lead to additional facility closures and reduced access to services throughout the State. The financial instability is due to reimbursement rates that are significantly below the cost to provide care and providers waiting many years to receive settlement of prior year cost reports adds to the worsening financial position of Maine's long term care providers.

Many facilities are owed hundreds of thousands of dollars for services that have been provided several years ago, while they try to assess how to keep their doors open and provide services in their communities.

I ask the committee to support this very reasonable and appropriate piece of legislation during this very difficult time.

Thank you for the opportunity to provide comments.