

Janet T. Mills
Governor



Jeanne M. Lambrew, Ph.D.
Commissioner

Maine Department of Health and Human Services
Division of Licensing and Certification
11 State House Station, 41 Anthony Avenue
Augusta, Maine 04333-0011
Tel.: (207) 287-9300; Toll Free: (800) 791-4080
TTY: Dial 711 (Maine Relay); Fax: (207) 287-5815

May 10, 2023

Senator Baldacci, Chair
Representative Meyer, Chair
Members, Joint Standing Committee of Health and Human Services
100 State House Station
Augusta, ME 04333-0100

Re: LD 1827 - *An Act to Prevent Closures and Ensure Sustainability of Nursing Facilities, Private Nonmedical Institutions and Residential Care Facilities by Removing So-called Budget Neutrality*

Senator Baldacci, Representative Meyer, and Members of the Joint Standing Committee on Health and Human Services:

The Department is opposed to LD 1827, *An Act to Prevent Closures and Ensure Sustainability of Nursing Facilities, Private Nonmedical Institutions and Residential Care Facilities by Removing So-called Budget Neutrality*, and we offer the Committee the following information for your consideration:

This bill would amend the Certificate of Need ("CON") statute to disallow budget neutrality as a factor in allowing the transfer or sale of beds between nursing facilities and residential care facilities, converting beds from nursing services to residential care services, and delicensing nursing facility beds. It prohibits the Department of Health and Human Services from implementing budget neutrality in its policies or practices or by adopting or enforcing rules relating to nursing facilities, residential care facilities and private nonmedical institutions.

Maine established a CON process, after finding that the unnecessary construction or modification of health care facilities and duplication of health services are substantial factors in the cost of health care and the ability of the public to obtain necessary medical services. Among the legislative purposes for our CON are supporting effective health planning, ensuring access to cost-effective services, avoiding excessive duplication, and ensuring public participation in the process of determining the array, distribution, quantity, quality and cost of these health care services.¹

The Department opposes this bill as we are in the midst of multiple efforts, including rate system reform that includes a full nursing/residential care facility rate study and a determination of different factors that may warrant differentiation of rates, including geography; as well as LD 1575, a current bill that supports the Department in promoting innovation and quality initiatives in nursing and residential care facilities. Eliminating budget neutrality now will likely disrupt those efforts to fully reform our nursing/residential care facility system.

¹ See MRSA Title 22 §327. Declaration of findings and purpose.

For these reasons, DLC is opposed to this proposed bill. However, DLC is open to working with interested parties should there be a desire to find better ways to address budget neutrality provisions relating to transferring and selling beds between nursing facilities and residential care facilities.

I want to thank you for your consideration of this bill. I would be happy to answer any questions you may have and will attend your work session if needed.

Sincerely,

A handwritten signature in black ink, appearing to read "William Montejo", with a long, sweeping horizontal line extending to the right.

William Montejo, RN

Director

Division of Licensing and Certification