



As a cross-continuum community of providers our Mission is "Inspiring our members to pursue innovation and the best life for older adults, united in commitment to Quality & Innovation, Integrity & Transparency, Shared Learning & Fellowship, Inclusion, Diversity & Equity, Compassion & Community"

February 17, 2025

RE: LD 210: An Act Making Unified Appropriations and Allocations from the General Fund and Other Funds for the Expenditures of State Government and Changing Certain Provision of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2025, June 30, 2026 and June 30, 2027

Senators Rotundo and Ingwersen, Representatives Gattine and Meyer,
Esteemed members of the Appropriations and Financial Affairs and Health and Human Services
Committees

I am Denise Vachon, and I have the privilege of representing LeadingAge ME NH members in Maine. LeadingAge Maine and New Hampshire represents not-for-profit providers of life plan communities, senior living, independent living, affordable housing, assisted living and residential care, memory care, adult day service, and home health agencies in both states. I also had the distinct honor of leading a not-for-profit senior living/affordable housing/Medicaid support Assisted Living program for 40 years.

On behalf of our LeadingAge ME NH members, know that we are deeply grateful to you for your enormously hard work on enormously consequential matters in this budget, and for doing so with clear commitment and understanding of these provider communities and their staff, who keep these essential services operational for the residents and families they serve.

I am testifying in opposition to much of the language contained in Section UU of the proposed Biennial Budget with the goal of seeing a fragile system of services and supports continue and thrive, versus crumble and fall. If passed as proposed, this budget will significantly and negatively impact accessibility to the essential services across the health care/long term care/senior living spectrum, crippling access that the citizens of our State expect to have - and deserve -- to affordable quality care at the right place, close to home and family, at the most vulnerable times of their lives.

Summary of our concerns

The language in Section UU of the proposed Biennial Budget threatens the sustainability of providers serving MaineCare members. Period. Nursing Care members and PNMI's already operate on the narrowest of margins. The more rural, the higher the MaineCare census, the more challenging it is to stay in business; the more difficult it is to offer competitive compensation and benefits - [competition being agency staff]; the more challenging it is to keep up with increasing cost of benefits, make payments to ME DOL for Paid Family Medical Leave, keep up with rising utility, insurance and raw food costs -- all leaving it nearly impossible to create margins that allow for emergencies, capital investments, and investments in care strategies and our direct care staff.

Our Ask

We urge you to reject the roll-back of the "125% of minimum wage" provision, which pulls the rug out from under any opportunity to prioritize employee recognition and retention, and to remain even minimally competitive with temporary agencies in recruitment efforts

We urge you to reject any language that makes COLAs optional and worse, allows for elimination of COLAs already announced and anticipated in providers' planning.

We urge you to reject the proposed language that would repeal the requirement that the department adopt a rule specifying a cost-of-living methodology.

We urge you to reinstate the language that requires rebasing every 5 years.

We respectfully remind you that all of these changes are proposed to take effect just as a new regulations and rates are barely implemented in the nursing care sector; and ahead of significant changes to the PNMI regulations (which add significant cost/unfunded mandates), without commensurate budget considerations for interim/transition funding, in an information vacuum regarding how rate reform might impact providers, and threats to one of few tools to compete for staff.

Thank you for your consideration, your ongoing support of the long-term care and senior living sector, for partnering with providers to keep them as strong and successful as possible.

The Detail Much of the language in Section UU of the proposed Biennial Budget must be rejected, especially as we acknowledge the platform of emerging regulatory changes within which these systemic changes to reimbursement are implemented.

Regulatory Changes

While Nursing Care changes have been made and just freshly implemented, new Assisted Living/Residential Care (PNMI) regulations have been conditionally approved and await your review before implementation. These come at a time when Rate Reform for this same sector, was proposed to happen in tandem, but is yet to be communicated to the provider community. Facing new requirements and not understanding changes to a significant revenue stream is not only not-survivable, but the impact to the citizens of Maine, should providers fail, is unconscionable. Just ask the families of residents of Mercy Home ¹ in Eagle Lake. While that facility closes, those residents are moved as far away as Portland to access a MaineCare bed. People lose their jobs. The community suffers another assault on access to care. Tragic.

Assuming that new regulations and requirements for PNMI are soon forthcoming, and despite Rate Reform for PNMI having been discussed for some time, the proposed Biennial Budget seems to make no provisions for interim transitional funding for Rate Reform for PNMI in consideration of new staffing

¹ Mercy Home is the most recent provider no longer able to sustain its critical role in the norther Maine region, due to challenges in securing a strong stable workforce, increasing agency expense, increasing cost of compensation and benefits to be competitive at all, cost of utilities, insurance and raw food, in a space where the key partner - the State of Maine -- is not providing fair and adequate reimbursement for the care of residents that are served on behalf of the State.

requirements and new administrative overhead, nor for any commensurate increases in rates over time, including COLAs. Asking PNMIs to continue to serve MaineCare members when reimbursement is already inadequate, only to add more unfunded mandates and overhead without commensurate recognition of and payment for the same is not only patently unfair, but a recipe for providers to close their doors. No business is sustainable without adequate revenues to cover their costs.

Section UU of the budget

LeadingAge ME NH strongly opposes the change of statutory language proposed in Section UU-2, referencing 22 MRSA §7402 and §7403

Section 1: "**125% of minimum wage**" provision was passed to assure that essential workers and their employers had a means by which to barely begin to compete with temporary agencies/"travelers" agencies for staff. **Please reject the roll-back of this provision. The State - and the MaineCare system - are well-served when providers can recruit and retain a cohesive team, and move from relying on agency staff on a regular basis to engaging them by exception.** The fiscal savings we can realize by attracting and keeping consistent staff create more predictable business operations along with creating foundations for strong team cultures and relationships with residents and their families that foster the best possible care for those we serve.

To make this provision - and the reimbursement for Taxes and Benefits (UU-2, Section 2) --"optional" and "subject to sufficient appropriations" casts significant doubt on providers' ability to budget and plan properly. Without the opportunity to accurately forecast for operations, administration and governance, no business can reasonably be expected to thrive and survive. The idea of an unpredictable payment system is a direct threat to the sustainability of the provider, and the ability of providers to continue to operate at all. When providers' doors shut and lock for the last time, no one gains access - regardless of their payor source.

As it related to §7403, we urge you to reinstate the language that calls for rebasing every 5 years. Best practice informs us that data and trends and reality checks are essential in sustaining strong businesses and systems. The State and the provider community should have current data with which to make appropriate decisions, and have ongoing discussions about the future and the sustainability of this critical sector of care and services.

Section UU-3 22 MRSA §3173-J, Section 2 (D) (3) again refers to **COLAs** being "subject to available [appropriations] as set forth in Section 4", where we find the language that threatens the viability of virtually any MaineCare participating provider. Providers, and those they serve, must be able to count on - and trust in - the full faith and backing of the partnership with the State in the care of people who have been determined eligible for care and support. Changing payment schedules, or pulling promised payments altogether is simply WRONG.

It is critically important that you to reject the proposed language in (D) (4), that makes payments COLAs optional, and worse, allows for elimination of COLAs already announced and anticipated in providers' planning. Please also reject the proposed language that would repeal the requirement that the department must adopt a rule specifying a cost-of-living adjustment methodology.

On behalf of the members of LeadingAge ME NH, and MaineCare participating providers across the state, we thank you for your every consideration in this critical discussion.