



## Written Statement

For

***LD 182 - "An Act to Require the Department of Health and Human Services to Establish MaineCare Reimbursement Rates for the Maine Veterans' Homes on a Per Resident Basis"***

**April 1, 2025**

Senator Ingwersen, Representative Meyer, and other distinguished members of the Health and Human Services Committee; my name is Don Lagace, and I wish to submit my written statement in support of *L.D. 182, "An Act to Require the Department of Health and Human Services to Establish MaineCare Reimbursement Rates for the Maine Veterans' Homes on a Per Resident Basis"*

I am the Chair of the Maine Veterans' Homes (MVH) Board of Trustees. I retired in December 2020 as a Brigadier General after almost 39 years of military service in the Maine Army National Guard. I am honored and privileged to serve on the MVH Board with an incredible group of veterans and business community leaders.

Sustainable funding with LD 182 at \$6.8MM of state funds when combined with \$424K in Special Revenue Fund and matched with \$6.3MM in federal funds closes a financial MaineCare gap that is critical in keeping MVH's system of care viable in the state of Maine.

Currently, MaineCare reimbursement does not fully cover the real costs of caring for each resident. LD 182 would change this by setting per-resident payment rates based on actual care and service needs.

**The following brief history will help to establish a better picture of MVH's posture.**

**After years of operational funding challenges and unsuccessful attempts in securing**

funding from the State of Maine, the Maine Veterans' Homes Board of Trustees voted to close the Caribou and Machias facilities late in 2021. The Governor and 130th Legislature's 2022 session responded with a financial commitment by introducing LD 2001. **The Board of Trustees agreed to work with the Governor and Legislature and changed direction by voting to maintain all six homes with the commitment from the State of Maine.** LD 2001 also directed the Maine Veterans' Homes, in collaboration with the Commissioner of Defense, Veterans, and Emergency Management and the Commissioner of Health and Human Services, to convene a group of relevant stakeholders beginning in August, 2022 **to develop a plan for the long-term viability and continuous operation of the Maine Veterans' Homes locations designated in the Maine Revised Statutes, Title 37-B, section 601.** The stakeholder group was directed to seek input from veterans and their families, employees of the Maine Veterans' Homes and people in the communities served by the Maine Veterans' Homes. I represented the MVH Board of Trustees as Chair of the Stakeholders Group along with Co-Chairs, DHHS Commissioner Jeanne Lambrew, and DVEM Commissioner, Major General Doug Farnham.

The Stakeholders Group included representatives from the Governor's Office, VA Togus, Veterans Services Offices, Maine Veterans Coordinating Committee, Long Term Care Ombudsman, Maine Health Care Association, MVH Employees, Residents, and Family Members. Maine Veterans' Homes (MVH) and Maine Department of Health and Human Services (DHHS) engaged BerryDunn as a consultant given their depth of expertise in the senior living industry. Their scope of work included a comparative study of State Veterans' Homes' (SVHs) payment systems, preparing and presenting Maine veteran demand projections for skilled, long-term care and assisted living services, a workforce analysis, conducting focus groups, and analyzing findings. **I presented the following Stakeholder Group findings and recommendations to the Veterans and Legal Affairs Committee on 1 March 2023.**



## **Stakeholder's Group Recommendations**

***Purpose: In an effort to continue and enhance our focus on veterans in Maine Veterans' Homes and across the state, we (the Maine Veterans' Homes Stakeholders Group) created the following list of shared principles/recommendations that makes financial sense for the sustainability of the organization and meets a 'do no harm' financial criteria:***

- ***Keep the current non-profit model versus a state-owned or operated Veterans' Homes*** – BerryDunn's comparative study of ten State Veterans' Homes (SVHs), demographic demand projection, workforce analysis, and focus group sessions depicted nationwide challenges facing MVH and other SVHs; however, MVH's unique non-profit model was determined to be preferable (greater quality and significantly less costly than the US average for SVHs – approximately \$300 less per resident per day).
- ***Suggest that the legislature examine financing options used in other states, as described in the report to ensure MVH financial sustainability*** – After working with the Stakeholder Group for six months, it became clear that financial sustainability for MVH was vital to its continued existence.
- ***Maintain quality of care*** – Four nursing homes in the MVH system have a 5-star rating from the Centers for Medicare & Medicaid Services (CMS). Only 10% of nursing homes nationally achieve a 5-star rating. Maine Veterans' Homes also recently received the Pinnacle Customer Experience Award in all six locations for being in the top 15% of nursing homes nationally. Three MVH facilities have achieved elite status as National Gold Award recipients for sustained excellence in quality by the American Health Care Association – MVHs are the only SVHs and among just 51 facilities across the country to earn the award in more than 25 years since the program's inception! Quality will continue to remain at the forefront for MVH veterans.

- ***Remain open in current geographic locations*** – Adopted by the Stakeholder Group and fully supported by MVH Board of Trustees, we recognize MVH's statewide reach, but this six-home footprint needs to be adequately funded to ensure financial sustainability.
- ***Diversify services to support a continuum of care for Veterans*** – MVH continues to explore outpatient therapies and expand its pharmacy services and similar opportunities to further serve veterans and their families.
- ***Develop shared staff relationship and recruitment strategies to address workforce challenges*** – MVH has since all but eliminated Agency staffing and has stabilized and enhanced its direct care labor pool.

Immediately following the Stakeholders Group's recommendation for sustainable funding for MVH the 131<sup>st</sup> Legislature passed one-year funding of \$8.6MM for MVH in July 2023 with LD 985 in addition to \$2.4 million that was included in the Governor's biennial budget. However, to date, MVH has not received all those funds. In 2024, MVH received \$4.8 million of the appropriated funds. In January 2025, we received an additional \$2.1 million but this still leaves MVH \$2.2MM short of the funds appropriated based on the approved MaineCare shortfall.

The 131<sup>st</sup> Legislature's Second Session also passed one-year funding of \$13.3MM (General Fund, Matching Federal Funds, and Special Revenue Funds combined) for MVH in April 2024 with LD 2214 but to date MVH has not received any of the appropriated funds.

No one is more committed to, vested in, or capable of serving Maine's veterans than the MVH Board and the dedicated leaders and employees of the organization. Since the Board's commitment to keeping all six MVH homes open in 2022, MVH leadership has developed and implemented a roadmap of cost optimization levers including stabilized staffing, increased revenue and census, and numerous other cost reduction initiatives. MVH leadership and the Board continues to assess operational



challenges and opportunities to maintain its commitment to Maine's Veterans and their families.

**Two years after the Stakeholders Group's recommendation for the Legislature to provide sustainable funding to MVH, the HHS Committee is postured to fulfill the recommendation and meet Maine's moral obligation to our Veterans.**

Once passed, LD 182 will preserve a system of care that honors the commitment made to those who offered everything to protect our freedom through their service to this country. It's a small price to pay to honor our Veterans and enable MVH to continue its legacy as one of the premier long-term care systems in the Nation for quality, innovation, and service. Maine's Veterans deserve nothing less!

We truly appreciate the support from Representative Supica, Senator Hickman, and many others from this Committee and Maine's Legislature.

Thank you for the opportunity to submit my testimony.

A handwritten signature in black ink, appearing to read 'Donald O. Lagace Jr.', written in a cursive style.

DONALD O. LAGACE JR.  
Brigadier General, USA Retired  
Chairperson, MVH Board of Trustees