

Testimony of James Brown

Administrator and Owner, Madigan Health Care
Houlton, Maine

In Support of LD 2131

Resolve, Directing DHHS to Amend Specific Portions of the Nursing Facility Principles of Reimbursement and to Timely Release Quality Payments

Before the Health and Human Services Committee

February 11, 2026 | 10:00 a.m.

Good morning, Chairs Meyer and Ingwersen, and distinguished members of the Health and Human Services Committee. **My name is James Brown, and I am the Administrator and Owner of Madigan Health Care in Houlton.**

Thank you for the opportunity to testify today in support of LD 2131.

Madigan Health Care is a 99-bed nursing facility, and we also operate two additional facilities that together provide 87 residential care beds. As a provider directly impacted by the nursing facility reimbursement system, I am here today to speak to an unintended consequence related to the implementation of the legislatively approved 1 percent Cost of Living Adjustment, or COLA and ask that you direct the Department of Health and Human Service to make changes to Chapter 101, MaineCare Benefits Manual, Chapter III, Section 67, Principals of Reimbursement for Nursing Facilities.

Specific to Section 1(1) of the bill, it is imperative that guardrails are adjusted for inflation and COLA. The 1% COLA has already been approved by the Legislature and **does not increase the DHHS budget**. The issue before the Committee is not one of additional spending, but rather how the COLA is applied under the current rate-setting methodology during the transition period.

Due to the order of operations used in calculating rates, **33 nursing facilities are not eligible to receive the COLA**. This outcome is the result of transition guardrails being applied in a way that unintentionally blocks the COLA for facilities that fall below the statewide average rate. These facilities, including Madigan Health Care, are **traditional low-cost providers** that have historically operated efficiently and below the state average. The guardrails were intended to provide stability during the transition to the new reimbursement system, not to disadvantage providers who have controlled costs over time. However, the current methodology has the effect of denying COLA to these providers solely because of how the rates are sequenced and capped.

The COLA is a modest but critical adjustment meant to help offset rising operational costs such as staffing, food, utilities, and regulatory compliance. For providers that are already operating on

narrow margins, **the inability to receive the COLA creates real financial strain and limits our ability to remain competitive in the workforce market and continue providing high-quality care.**

Without a correction to Section 67, Principles of Reimbursement for Nursing Facilities as this bill directs, this inequity will persist **through 2028**, when full rates are paid. Over multiple years, the cumulative impact of missing the COLA places low-cost providers further behind, despite the Legislature's intent that the COLA be applied broadly and fairly.

This is a technical issue with significant practical consequences, and it can be corrected **without any additional cost to the state**. Addressing this problem ensures that the Legislature's intent is honored, and that efficient, low-cost providers are not penalized during the transition period.

Thank you for your time and for your thoughtful consideration of this issue. I respectfully urge the Committee to support all sections of LD 2131 and ensure that the already-approved 1% COLA is applied equitably to all eligible nursing facilities.

Sincerely,

James Brown

Administrator and Owner, Madigan Health Care
Houlton, Maine