Testimony of Lisa Trundy-Whitten, Principal at Berry Dunn McNeil and Parker, LLC

In support of:

LD 2131 *Amended Title: Resolve, Directing DHHS to Amend Specific Portions of the Nursing Facility Principals of Reimbursement and to Timely Release Quality Payments*

Health and Human Services Committee
February 11, 2026 at 10:00 am

Senator Ingwersen, Representative Meyer, and Distinguished Members of the Committee on Health and Human Services:

My name is Lisa Trundy-Whitten and I serve as a Principal at Berry Dunn, McNeil and Parker.

I am here today to testify in support of *LD 2131, Amended Title: Resolve, Directing DHHS to Amend Specific Portions of the Nursing Facility Principals of Reimbursement and to Timely Release Quality Payments*.

BerryDunn McNeil & Parker, LLC is a Portland, Maine–based accounting and consulting firm that provides assurance, cost reporting, and advisory services to more than 90 percent of Maine's nursing facilities. For more than a decade, we have maintained a comprehensive statewide database of nursing facility cost and reimbursement data, enabling us to analyze financial and operational trends across peer groups and regions.

This bill is seeking to direct the Department to make changes to two sections of the Principles of Reimbursement and to release the quality bonus payments for 2025. My testimony focuses on Section 1 of LD 2131 which addresses cost-of-living increases and the application of guardrails on nursing facilities' rates relevant to the statewide base rate for nursing homes. I'll also touch upon the other aspect of Section 1, which is the direct care add-on and the use of contract labor.

Based on our analysis of the current rate data, we believe that rate reform is moving toward its intended objective: creating a reimbursement structure that is more predictable and more adequate to sustain access to nursing facility care. The implementation of guardrails, as outlined the Nursing Facilities Principles of Reimbursement has also helped many providers transition to the new methodology in a more stable and measured way.

However, the current order of operations—specifically the interaction between the application of guardrails and the cost-of-living adjustment (Section 6 (22.6.1) of the Nursing Facilities Principles of Reimbursement) —has produced an unintended consequence, that is: a significant number of nursing facilities aren't receiving the 1% COLA in calendar year 2026.

Under the current methodology, the 1% COLA is applied to the statewide base rate for direct and routine care. Facilities whose calculated rates fall either below or above the statewide rate are then subject to guardrails that limit annual increases or decreases. As a result, those facilities do not receive the full value of the COLA.

For example, the statewide direct care rate with the 1 % COLA applied is $234.33. A facility with a 2025 direct care rate of $195 remains more than 10 percent below the statewide rate. Under the guardrails, that facility is limited to a 10 percent increase, resulting in a 2026 rate of approximately $215—still well below the statewide rate. Because the facility does not reach the statewide rate, it does not receive the benefit of the COLA that was added to that rate. A similar outcome occurs for facilities whose rates are above the statewide rate and are subject to downward adjustments.

For the calendar year beginning January 1, 2026, there are 20 facilities under the statewide direct care rate, 8 under the routine statewide rate, an additional 8 under both components, and 5 facilities over the statewide direct care rate. In total, 43 of Maine's 78 nursing facilities do not receive a COLA adjustment on at least one component of their rate.

Commented [AW1]: So these numbers don't match with what we have been saying… which is 35 facilities out 77 (because Piper Shores doesn't have Medicaid). Also the 20+8+8+5=41. So this is confusing.

Excluding more than half of the state's nursing facilities from receiving the COLA was not an intended outcome of rate reform; rather, it is an unintended result of the current sequencing and application of the guardrails. Section 1 (1) of the bill corrects this mistake.

The first year of rate reform also included a $12.85 direct care add-on intended to support facilities experiencing high reliance on contract labor. While contract labor utilization has declined in some regions, other parts of the state continue to experience sustained dependence on contract staffing. Many of these facilities are also lower-cost providers that have not yet reached the statewide direct care rate. For example, as of the first quarter 2025, Franklin -29%, Knox32%, Piscataquis 22% and Sagadahoc 21%.

The complete elimination of the direct care add-on at this stage of the transition runs counter to the Department's stated objective of supporting a stable, permanent, and well-trained workforce.

Section 1 (2) of this bill will retains a portion of this add-on, thereby easing the transition under rate reform and provides continued support to facilities as they rebuild their workforce capacity. It would also adjust the guardrails to ensure that facilities can actually benefit from the direct care add on.

In closing, a "yes" vote on LD 2131 will correct unintended consequences in the current rate structure, improve financial predictability for providers, and help prevent further nursing facility closures. Most importantly, it would preserve access to care for Maine's most vulnerable residents.

Thank you for the opportunity to testify. I would be happy to answer any questions.