

**LD985, Resolve, To Require the Department of Health And Human Services to Provide Additional Reimbursement to Maine Veterans' Homes.**

**March 20, 2023**

Senator Hickman, Representative Supica, and other distinguished members of the Veterans and Legal Affairs Committee; my name is Sharon Fusco and I am the Chief Executive Officer of the Maine Veterans' Homes. It is a pleasure to be with you again today to testify on behalf of LD985, Resolve, To Require the Department of Health and Human Services to Provide Additional Reimbursement to Maine Veterans' Homes. On behalf of the Maine Veterans' Homes Board of Trustees, our employees and the veterans and families we serve, I want to thank Senator Farrin for sponsoring this bill.

This bill is critical to the future of Maine Veterans' Homes. It provides the financial stability we need to safeguard the system of care we have built across the state, providing a full range of resident care in six locations across the state.

As I have shared with this committee previously, the nursing home industry is approaching a state of crisis. Inflation coupled with workforce shortages that cause reliance on temporary staffing which adds exponentially to rising costs and inflation, and reimbursement rates which fail to keep pace with these changes are crippling the system. Maine Veterans' Homes is not immune, and in fact, our situation is more tenuous as we must meet additional state and VA requirements, as a home designated for Veterans and their families. These requirements are outlined in the report and add an estimated minimum of \$2.4MM annually to our budget.

Annually, BerryDunn estimates that we face a \$15.5MM gap between reimbursements and costs. Through leveraging of funds, we are able to close this gap to \$10.3MM. This bill provides \$3.4MM in state funds which is matched with \$6.9MM of federal funds, closing an estimated \$10.3MM gap between reimbursement rates and costs to deliver services.

To calculate this rate, we calculated the gap between reimbursements for MaineCare residents and the cost of caring for those residents. The assumptions used include the following:

- Costs included in the calculation were those pre-pandemic. The \$10.3MM gap does NOT include pandemic-related costs of care.
- Wage inflation is included in the calculation. With increased funding, our goal is to increase wages.
- While temporary staffing costs are high, the calculation assumes we will significantly decrease our reliance on temporary staff. However, with the shortage of workers, our assumption does include some use of temporary staffing.
- The calculations are based on MVH achieving pre-pandemic census levels of 93% occupancy, reducing the fixed cost per person.
- The only gap we are seeking to fill with this funding is the gap for those residents on MaineCare. We are pursuing federal advocacy to fill gaps due to lagging VA stipend and prevailing rates as well as Medicare rates.

Time is of the essence. Our reserves which fund our future are being depleted at an alarming rate. We cannot wait for another legislative cycle to address this issue.

The Stakeholders Group was clear in their charge for the Maine Veterans' Home board to work with the legislature to find a funding solution. We have a system of care worth saving. This bill is the solution that will allow us to honor the commitment we made to our veterans.