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Testimony of the Office of Aging and Disability Services
Department of Health and Human Services

Before the Joint Standing Committee on Health and Human

In Support of LD 1575, *An Act to Promote Quality and Innovation in Nursing
and Residential Care Facilities*

Hearing Date: May 1, 2023

Senator Baldacci, Representative Meyer and Members of the Joint Standing Committee on Health and Human Services, I am Paul Saucier, Director of the Office of Aging and Disability Services (OADS) in the Department of Health and Human Services. I am here today to help introduce and speak in favor LD 1575, *An Act to Promote Quality and Innovation in Nursing and Residential Care Facilities*.

COVID-19 had a disproportionate impact on nursing facility residents, accounting for nearly a quarter of all deaths nationally. The physical layout of most nursing homes, with long open hallways, shared rooms and shared baths allowed infection to spread with ease once in a facility. In many cases, inadequate infection control practices exacerbated the intensity and duration of outbreaks. Although Maine fared better than most other states, we shared in this national tragedy with scores of outbreaks and deaths.

The pandemic also had a significant impact on the viability of nursing and residential care facilities as businesses. Staffing challenges, already evident before COVID, became far worse as staff became infected or left their jobs. Facilities needed to rely more heavily on temporary staffing agencies to meet minimum staffing requirements, adding to their costs and impacting morale among the permanent staff. Occupancy dropped, and while it has been recovering recently, it has not returned to pre-pandemic levels.

The pandemic made clear that our current payment system, which includes a cost settlement process at the end of a year, is outdated and does not adapt quickly enough for emergency situations. Fortunately, MaineCare was able to use emergency authority to make several supplemental payments through the pandemic. But the experience has underscored the importance of designing a new payment system that looks forward rather than backward, that rewards nursing facilities that provide high quality services, and that does not divert critical resources from focusing on the provision of quality care to focusing on administratively burdensome reporting. Facility operators in Maine have described the current payment methodology as "broken" and called for a new approach. The Department agrees and is engaged with operators and other stakeholders to develop one within the framework of rate system reform developed by the Department, stakeholders, and the Legislature last year.

LD 1575 authorizes the Department to move away from the current reimbursement system, based on retrospective rates and an administratively burdensome cost settlement process. Instead,

the Department wants to develop a forward-looking prospective payment system that aligns nursing home payments with MaineCare's rate setting system adopted in PL 2021, c. 639 to reward providers for high quality, reduce administrative burden, and improve the fairness of the reimbursement system. This work has already begun. A rate study is underway and a rate setting stakeholder group has been meeting to advise the Department on the work.

In addition to modernizing payment methods, this bill authorizes the Department to launch innovation and quality initiatives in nursing and residential care facilities. On April 26, the Department launched the Nursing Facility and Residential Care Innovation and Quality Advisory Council, as envisioned in the bill. The Council will help the Department prioritize among many possible initiatives to improve access to high-quality nursing and residential care facilities. Initiatives may include but are not limited to:

- Enhanced person-centered care that recognizes resident preferences;
- Safer homes with better infection control practices, reduced medication errors and reduced falls;
- Small-house models that are more home-like, have better staff retention and prevent the spread of disease;
- Universal support positions that empower staff to provide more holistic support; and
- Incentives in the form of technical assistance, waivers of certain requirements and grants.

Maine's nursing and residential care facilities have been battered by the pandemic. Providers have been working incredibly hard to ensure care for their residents, and they are our partners in this work. Together, we will build a better system for Mainers needing residential long-term care.

As we work to rebuild and strengthen the sector, simply reverting to pre-pandemic approaches is not an option. Public perceptions of nursing and residential care facilities were damaged by the highly visible challenges experienced in the sector, necessitating a new approach that emphasizes resident preferences, quality of care and safety. This bill seeks to set Maine on that path.

Thank you for your time. I and my colleagues at MaineCare, Licensing, and across the Department are happy to engage further with this Committee and answer questions now or for the work session.