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THE MAINE SENATE
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Testimony in Support of LD 1827
An Act to Prevent Closures and Ensure Sustainability of Nursing Facilities, Private
Nonmedical Institutions and Residential Care Facilities by Removing So-called
Budget Neutrality

Presented to the Joint Standing Committee on Health and Human Services
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Senator Baldacci, Representative Meyer and members of the Joint Standing Committee on Health and Human Services, my name is Troy Jackson I serve as President of the Maine Senate and have the great honor of representing Aroostook County in the Legislature I am here today to introduce LD 1827, "An Act to Prevent Closures and Ensure Sustainability of Nursing Facilities, Private Nonmedical Institutions and Residential Care Facilities by Removing So-called Budget Neutrality"

Maine's care industry is in crisis Direct care facilities are closing at alarming rates and those still open are facing higher costs in every aspect of the care that they provide In light of these challenges, we need to ensure that direct care providers can continue to provide the highest possible standard of care The budget neutrality requirements imposed on these facilities prevent them from doing just that

This bill would eliminate budget neutrality as it is written today Budget neutrality has frozen the valuation of these facilities in time by requiring that the cost of nursing home care not change due to change of ownership or type of care The effect of this requirement is that any time a facility wants to upgrade aging buildings or equipment or to expand to accommodate more patients that facility needs to find another one that is downsizing or closing and buy its revenue stream

At best, this maintains the same number of beds that have been available since this policy was implemented in 1994 At worst, it means that any time a nursing home improves or expands its facilities, the state ends up with less beds available for folks in desperate need of this care It also prevents the folks who have been providing this care by running these facilities from getting a fair price for them when they decide to sell their businesses

This policy may have been successful in achieving its goal in 1994 to spur movement from nursing facilities to private non-medical institutions for those in need of long-term care because such facilities are more cost efficient in providing this care, but it has long outlived its usefulness Instead of continuing with this outdated method, we should look at how the state evaluates whether or not

health facilities are necessary through programs like certificate of need - that is, based on the needs of the Maine people and not a strict budget ceiling that was set 30 years ago

Thank you for your time I urge you to support this bill and will do my best to answer your questions Phil Cyr from the Caribou and Presque Isle Rehab and Nursing Centers is also here today, though, so he may be more able to get into the weeds than I can