



Maine Health Care Association

Testimony of Angela Westhoff, President & CEO Maine Health Care Association

Testimony before the Committee on Appropriations and Financial Affairs and the Committee on Health and Human Services in opposition to

LD 2214, An Act to Make Supplemental Appropriations and Allocations for the Expenditures of State Government, General Fund and Other Funds and to Change Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2024 and June 30, 2025

Public Hearing: Monday, February 26, 2024 at 10:00 AM

Senator Rotundo, Representative Sachs, Senator Baldacci, and Representative Meyer, as well as Distinguished Members of the Committee on Appropriations and Financial Affairs and the Committee on Health and Human Services:

My name is Angela Westhoff, and I serve as the President & CEO of the Maine Health Care Association. We represent approximately 200 nursing homes, assisted living centers, and residential care facilities (also known as Private Non-Medical Institutions or PNMI) across the state. Our mission is to empower members to ensure the integrity, quality, and sustainability of long term care in Maine.

In light of the historic rate of long term care facility closures and conversions, I am testifying in opposition to the proposed supplemental budget. **If the budget advances as drafted, Maine will continue to lose access to nursing homes and residential care facilities.**

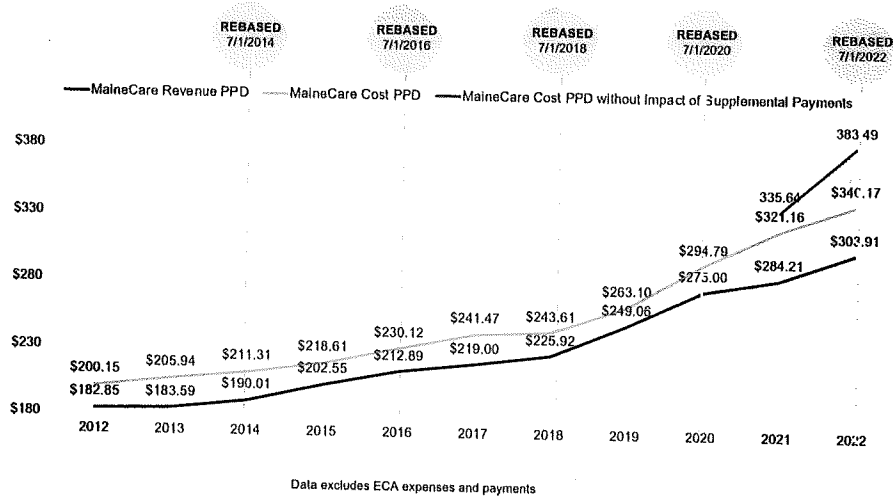
We recognize that the legislature and administration have taken steps to support long term care. Recent one-time supplemental payments have been temporary measures to help with the escalating costs, especially labor. That money is gone, but the higher costs remain. We acknowledge this proposed budget does include some funding for long term care, mainly \$10 million for nursing home rate reform; however, that is inadequate to address the systemic challenges facing this industry.¹ Due to inflation, an unprecedented labor shortage, and major changes in the state's demographics, the cost of providing care to some of Maine's most vulnerable people has skyrocketed while the MaineCare reimbursement rate lags farther behind every year.

¹ See page A-73 for Nursing Facility COLA (statutorily required) and \$10 million for rate reform. See page A-84 for PNMI (i.e., residential care) COLA (statutorily required).

The graph below trends out average MaineCare nursing home reimbursement and the cost per patient day. The green line represents all allowable costs, and the blue line depicts MaineCare reimbursement. The black line demonstrates the MaineCare Costs per patient day without the impact of one-time supplemental payments. You can see that the one-time payments have helped address a portion of that gap, but it is still widening. With one-time funding, the daily average difference between the cost of providing care and MaineCare reimbursement is \$36.26 per patient per day. Without those supplemental funds that shortfall would be almost \$80 per day per patient.

MaineCare NF Reimbursement—Revenue and Cost PPD

Data Source – As-Filed MaineCare NF cost reports, 2012 - 2022



b

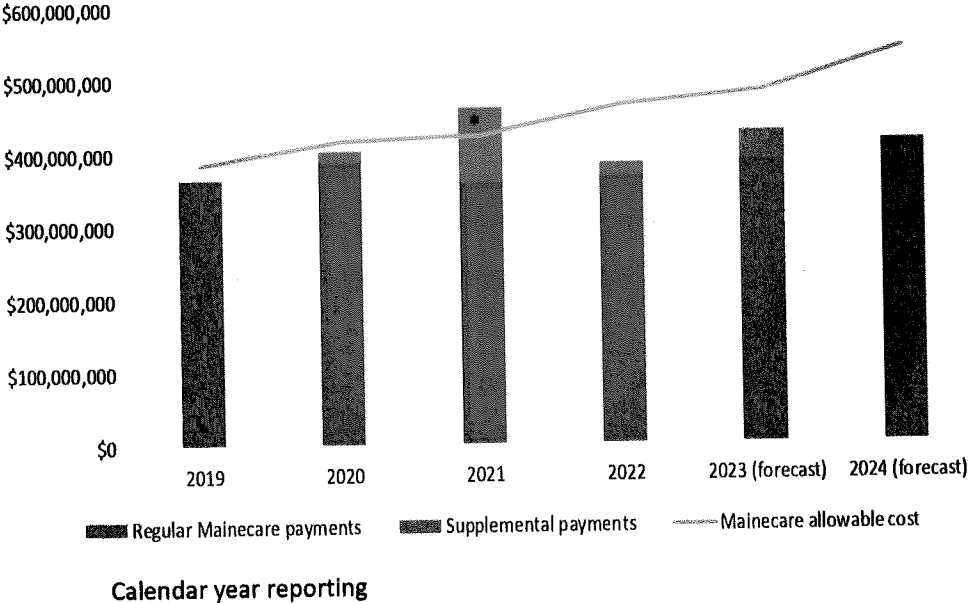
Some proponents of the status quo might point to these one-time supplemental payments. However, they do not cover the deficits, and we are losing facilities at an alarming rate even as our aging population grows. There have been approximately 50 long term care facility closures or conversions to lower levels of care since 2014 in Maine. More specifically, there have been 23 nursing home closures, nine within the last three years. Clearly, the current system is not working.

Nursing Home rate reform is scheduled to take effect in January 2025, and Residential Care rate reform is scheduled to begin in July 2025. We are active participants in the long term care rate reform stakeholder process and look forward to a new payment model. However, we know that a new rate model will not stop facility closures and conversions unless meaningful investment is made in this supplemental budget.

Further, the Supplemental budget language in Part UU proposes splitting the funds for rebasing of nursing home rates [\$29 million per PL 2023, chapter 412] to help with the new payment model in 2025. Nursing home rates are rebased every two years and this funding is what was budgeted for,

rebasement of rates for July 2024. Splitting that up into two payments is really just borrowing from a previous allocation in an attempt to try and make up for a future lack of adequate appropriations for rate reform. Why does this matter? Because according to the most recently available cost report data (2022), the nursing home shortfall from the base MaineCare rate was \$96.5 million, and the residential care shortfall was \$24.3 million, and it's only predicted to grow in the forecasts for 2023 and 2024 - see the chart below. Facilities that are on the edge of closure need this allocation of funds to go out the door this summer as they try to make it through until rate reform. I would also point out that this supplemental budget has **zero funds** allocated for residential care facility rate reform and will need to be addressed by July 2025 when their new rates are scheduled to be implemented.

NF MaineCare payments compared to Allowable Cost



*Supplemental payments received in 2021 are cost-settled and could be used to cover costs in 2021 and 2022.

As the oldest state in the nation, we cannot stand by and accept this chronic underfunding of our homes. Maine already has the fewest beds per capita in the entire Northeastern United States. Moreover, according to the 2024 Maine State Plan on Aging Needs Assessment, in 2050, our state is projected to have even fewer working-age people compared to people aged 65 years or older.² In effect,

² Maine Department of Health and Human Services. 2024. "Maine State Plan on Aging Needs Assessment Final Report 2024." Retrieved from <https://www.maine.gov/dhhs/sites/maine.gov/dhhs/files/inline-files/SPOA-Final-Report-2024.pdf>

this means our direct care worker labor shortage is not expected to improve much. Long term care facilities cannot compete with other industries when MaineCare reimbursement rates are so low that they cannot offer competitive wages and benefits.

Every time a facility closes, there are countless implications, but few are as devastating as the ones our older adults and their families face. The residents lose their home and their connection with familiar staff that oftentimes becomes a second family. This period of transition can be extremely stressful as families are left to try and find a new home to care for their loved ones, and often that means moving to a new location much further away, with a longer drive time, and fewer visits. This shift is dramatically underscored in places like Hancock County, where there are currently no nursing home beds in the entire county.

It is harder and harder to find nursing home level of care in this state. We often receive phone calls at the association from family members. You can hear the sorrow in their voice as they don't know where to turn to for care for their loved one. Legislators will call on behalf of their constituents, seeking assistance for placement for community members. I spoke with a woman recently, whose mother is in a distant nursing home. She wondered about trying to move her to a facility closer to her home in order to be able to visit her mother, who has dementia, more frequently. There are no easy answers for her. Last week, I researched what severance packages for employees might look like for a nursing home grappling with the difficult decision of closing.

Because of the long term care crisis in Maine, we have formed a coalition of health care providers, advocacy organizations, and public health professionals called *Who Will Care*. Who will care for our older Mainers when nursing homes close across the state? Who will care for our neighbors when there aren't enough direct care workers for our aging population? Who will care for our loved ones when the closest available bed is over an hour's drive away?

In conclusion, we ask the legislature to **allocate \$31 million of state general funds**. That amount, as well as the associated federal match, would make a meaningful step in addressing this crisis. Additionally, we ask that language UU of the budget be amended to direct the Department of Health and Human Services to **distribute the already budgeted \$29 million immediately at the start of the 2024-2025 fiscal year**. Finally, attached you will see numerous pages of testimony from long term care providers and stakeholders who were unable to make it today. I encourage you to take the time to read their stories as you deliberate on this budget. Thank you for your time. I'd be happy to answer any questions you have.