



To Whom it may concern:

My name is Marc Powers. I am a Certified Public Accountant and a Certified Valuation Analysts for Purdy Powers & Company. I am a principal owner of the CPA firm in Portland, Maine with 50 plus employees.

I am submitting this testimony in opposition to LD 2214 as it does not provide enough funding for nursing homes and residential care facilities to continue providing care in Maine.

I have firsthand experience with this while trying to help a client obtain bank financing this last year to bridge cash flow deficits in hopes of the industry "turning around" to profitability. After analyzing their cash flow and talking with several bankers, the banks are reluctant to lend to these pre pandemic modestly profitable Companies.

The banks and I are not confident the nursing homes and residential care facilities will return back to profitability because of the current reimbursement system in Maine. The disparity between private pay and MaineCare is too substantial for facilities that are dependent on MaineCare which is another problem on itself. Where will our older residents get proper care?

The pandemic created many opportunities and many of my clients actually performed better during the pandemic. Many of these clients also received PPP and ERTC beefing up their bottom lines. On the other hand, businesses in this industry performed terribly for obvious reasons. Top line revenues decreased dramatically due to occupancy in both categories of residents (Private pay and MaineCare) and they experienced drastic personnel challenges, especially with nurses, with increased pay and decreased supply of personnel. As a result, their personnel and operating expenses exploded while temporary agencies were increasing prices, profitability and government assistance such as PPP, ERTC, etc. at the expense of nursing facilities.

As a result, many owners had to refinance their equity in their buildings but that has not been enough. We are seeing signs of recovery and normalization but with spiking interest rates and costs, the reimbursements and their timeliness is simply not enough. These facilities are on the edge of bankruptcy which could mean a massive displacement of residents.

I understand the funding shortfall for 2022 alone for nursing homes was \$96.5 million and another \$24 million for residential care facilities. The Supplemental Budget only includes \$10 million to address this significant issue. This is really a drop in the bucket and will not allow this industry to be sustainable in my opinion. It is a shame many benefited from the pandemic assistance and many did not get enough. This industry did not get enough and it is an essential business and they need help. These funds will only act as a bridge as well until reimbursements catch up with the real economy and costs to operate these facilities. I hope there is much more that can be done to assist these facilities.

Thank you very much for your time and commitment to make Maine a better place to live. I am happy to answer any questions the committee may have for me.

I can be reached at [mpowers@purdypowers.com](mailto:mpowers@purdypowers.com) or 207.775.3496.

Sincerely,

A handwritten signature in black ink, appearing to be "M. Powers", with a long, sweeping underline that extends across the width of the signature area.

Marc J. Powers, CPA, CVA