



Maine Health Care Association

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

Testimony before the Committee on Health and Human Services In Support of
LD 763, An Act to Improve Long-term Care by Providing Funding for Nursing Facilities

Senator Ingwersen and Representative Meyer as well as Distinguished Members of the Health and Human Services Committee:

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 across the state. Our mission is to empower members to ensure the integrity, quality, and sustainability of long term care in Maine.

On behalf of our members, I am pleased to testify in support of **LD 763, An Act to Improve Long-term Care by Providing Funding for Nursing Facilities**. MHCA thanks Senator Grohoski for bringing forth this legislation. In 1995, Maine had 132 nursing homes. Today, we have just 79 remaining. That's 53 nursing homes that have been forced to shutter because of inadequate reimbursement rates that have not kept pace with the cost of providing care.

Hancock County has no nursing homes left. Half of Washington County's homes have closed since 2014. Just two months ago, another nursing home in Aroostook County announced it would have to close. Maine has the fewest skilled nursing home beds per 1,000 residents in the entire Northeastern United States.

The Federal Reserve Bank of Boston and the New England Public Policy Center published a brief in May 2024 called "Nursing Home Closures in New England: Impact on Long Term Care, Labor Markets." Nursing home closures were analyzed across the country. They noted, "the number of

nursing homes is falling fastest in New England; and Maine, the state with the oldest population experienced the greatest decline in the number of nursing homes at 19% from FY 2010-2023.”¹

MHCA has worked closely with the Department over the last two years to develop a new rate model for nursing homes. The new system went into effect on January 1, 2025 and providers have been paid for two months under the new system. And yet they are already facing cuts in reimbursement. LD 763 is an attempt to try and keep the ship afloat. There is a very real threat of MaineCare payment curtailments due to insufficient MaineCare funds. The newly designed nursing facility rate system was \$10 Million short in funding, which if not funded, means rates will have to be cut. There is also no cost of living increase or inflation adjustment for any MaineCare provider in the Biennial Budget. And starting in January 2027, all nursing home rates will be reduced by \$12.85 per Medicaid resident per day as the model assumes that nursing homes will be able to reduce reliance on temporary nurse agency staffing by 10%. Once again, we are talking about the need for nursing home funding. This bill seeks a one-time funding allocation of \$35 million to the Nursing Facility Transition Fund, a fund that was established to transition nursing homes to this new rate structure and help prevent the cascade of closures that truly threatens access to long term care.

Currently in statute nursing facilities are rebased every two years. Rebasing means that rates are recalibrated to help address the rising costs of care. Biennial Budget language Part UU removes the two-year rebasing with no frequency of recalibration of rates outlined anywhere else in rule or statute. It also makes COLA and rate setting subject to available funds. This means that nursing home rates left indefinitely to stagnate. That is very dangerous and it will lead to further instability and more closures.

Further, the lack of COLA or any kind of inflation factor in the Biennial budget means that nursing home rates won't be able to keep pace with the rising costs of labor, food, fuel, medical supplies, etc. – all expenses that are necessary for operations. We're only two months into the

¹ Nursing Home Closures in New England: Impact on Long-term Care, Labor Markets - Federal Reserve Bank of Boston. Accessed March 27, 2025.

new payment system and already we're talking about it not keeping pace with cost. Is history doomed to repeat itself? This bill would at least fill the whole in the rates (\$10 million needed to make rates whole) and provide some means of an inflation adjustment. Additionally, should there be left over funding in the nursing home lines of the baseline budget, it would transfer those funds into the Nursing Facility Transition Fund to be used to fill holes in the rate structure and to create a safety net to prevent additional facility closures within existing resources. This will be imperative if cost of living increases in state budgeting processes is defined only in relation to 125% of minimum wage. We already pay essential supports and direct care workers more than 125% of minimum wage and therefore would not be eligible. CNAs in nursing homes are absolutely deserving of COLA and labor is the largest cost of operations in long term care homes. Without inflation adjustments or COLA our workforce challenges will only grow.

In conclusion, nursing facility closures have occurred all across the state, in both rural and urban areas. These closures impact Maine's entire healthcare continuum. On any given day in Maine, there are approximately 200 patients waiting for long term care placement. Hospitals are also facing extreme pressures and we're now hearing about closures, layoffs, and reductions in services. LD 763 is an attempt to keep the lights on and residents safe in their long term care homes. Thank you for your time and consideration.