

Testimony of Wanda Pelkey
CEO, First Atlantic HealthCare
Before the Joint Standing Committee on Health and Human Services
Friday, March 28th at 10 AM

In Support of:

LD 763, An Act to Improve Long-term Care by Providing Funding for Nursing Facilities

Senator Ingwersen, Representative Meyer, and Honorable Members of the Committee on Health and Human Services:

My name is Wanda Pelkey and I serve as the CEO of First Atlantic Healthcare. Today I'm providing testimony in support of LD 763. First Atlantic is a Maine-based company that owns and operates 14 nursing and residential care facilities and manages the fiscal affairs for another 24 facilities. We care for about 1,200 residents in our own 14 locations throughout Maine.

The state biennium "baseline" budget recently passed doesn't include two important funding features:

- Lacks cost of living adjustments (COLAs) for two years
- Missing \$10 million that was in the Governor's budget proposal to fully fund NF reformed rates that just became effective this January

This bill would provide that necessary support for nursing facilities. As presented the bill wouldn't help residential care facilities and I would prefer to see the bill expanded to include them too.

As roughly 70% of our resident's care is paid by MaineCare, no COLAs means no ability to increase revenues to cover higher costs.

What becomes unaffordable for us?

- Higher PPE costs to comply with expanded infection control rules set last year
- An 8% year over year rise in food and dietary supply costs
- An 11% increase in propane prices when our current contract expires this summer
- An increase in health insurance premiums this fall (10% is a typical increase)
- Staff raises! For two years!

Please know that DHHS has already built-in a 5% reduction to Direct Care component payments starting next year, based on the assumption we'll all have reduced contract nurse/CNA use by half (from 20% of staff hours to 10%). Believe me, First Atlantic is working really hard every day to meet and beat that goal. But without COLAs I doubt we will, in fact I'm concerned contract staff use could get worse.

I'm very thankful that last year this committee and the full legislature funded NF Rate Reform to help stop closures. But it's alarming that literally two monthly payment cycles in and we're already facing unaffordable payment delays and rate cuts. Ironically, the goal for reform was to make a sustainable, predictable and reliable payment system! Please support that plan by passing this bill.

I appreciate your time today and happy to answer your questions.

Thank you,

Wanda Pelkey