

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 772, An Act to Assist Nursing Facilities in the Management of
Facility Beds**

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 772. 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.

This bill aims to make it easier to for facilities to reinstate "reserved beds" back into fully licensed beds via an expedited CON process and relief from the current MaineCare neutrality requirements. I support amending current statutes and regulations to make that happen. As the number of licensed beds has dropped significantly these past dozen years, an easier path to re-open beds is helpful. The bill could be further improved by allowing the beds to be reinstated in another nursing facility (NF) or residential care facility (RCF).

That said, if I'm correct about the intention of this bill, I'm not clear how this change gets put into practice given how DHHS confirms Reserved Bed "values" not necessarily number of beds in its annual Reserved Bed confirmations.

I'll give an example: One 60-bed NF we owned in Lincoln closed and we gained approval to relicense those 60-beds as an RCF. Because RCF payment rates are about half NF rates, this change created Reserved Bed values of approximately \$2 million. This value is now retained by our company and can be used with DHHS approval to "fund" new NF or RCF beds somewhere else. I believe this \$2 million in value would somehow have to convert to number of NF or RCF beds and be available to use in another place.

Another element of this bill requires removal of the \$10,000 Medical Director annual expense limit which then doesn't fully fund the cost of that service. Once upon a time that limit was sufficient. But in today's system, medical directors are called upon to help facilities will all manner of CMS and DHHS-set quality goals like limiting antipsychotic medication use and avoiding unnecessary hospital re-admissions. To be successful, these directors need to be on-call 24/7 and be the default primary care physician for any residents that are admitted without their own. This expansion of requirements means fewer are willing to do the work and those that do charge far in excess of \$10,000 per year.

I wholeheartedly support lifting that cap and requiring DHHS to adjust the current MaineCare rates by the impact of that change. It's a worthwhile investment in the care for our residents.

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

Thank you,

Wanda Pelkey