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Testimony of Senator Nicole Grohoski introducing
LD 1489, Resolve, to Provide Stability to Long-term Care Facility Funding
Before the Committee on Health and Human Services
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Senator Ingwersen, Representative Meyer, and distinguished members of the Health and Human Services Committee. My name is Nicole Grohoski, and I am honored to represent the 22 communities of Senate District 7. Thank you for the opportunity to introduce my bill LD 1489, “Resolve, to Provide Stability to Long-term Care Facility Funding.”

This bill addresses a mounting crisis in our long-term care system—specifically, the financial instability and chronic underfunding of residential care facilities, also known as Private Non-Medical Institutions or PNMI Appendix Cs.

These facilities provide a crucial layer in the continuum of care for Maine’s older adults and people with disabilities. With approximately 120 PNMI-Cs across the state, they offer personal care, medical administration, meals, and meaningful social engagement for residents who require less intensive care than a nursing home but still cannot live independently. They are a compassionate and cost-effective part of our long-term care infrastructure.

Yet today, this critical layer is in jeopardy.

Just last week, Halldale Manor in Farmingdale, a 26-bed residential care facility, announced it will close on May 5.¹ According to the Maine Long-Term Care Ombudsman Program, Halldale Manor is the 26th residential care facility to close since 2019. And sadly, we know this is not an isolated incident—it is part of a troubling trend.

The reasons for closures vary, but two persistent issues are cited: **inadequate reimbursement and a severe staffing shortage**. Staffing ratios are essential for safety and quality, but when facilities can’t recruit or retain direct care staff—especially CNAs and nurses—they’re forced to reduce the number of residents they can care for. That lowers revenue, which in turn compromises financial sustainability.

¹ <https://www.centralmaine.com/2025/04/09/halldale-manor-to-close-in-early-may/>

The 2023 cost reports for all PNMI-Cs show an **\$18.4 million shortfall** between allowable costs and current MaineCare reimbursement. This gap is unsustainable.

To make matters worse, the Department of Health and Human Services has announced that it will not apply a cost-of-living adjustment (COLA) this year, despite existing law that requires one. Nor has the Department scheduled a rate determination process to bring reimbursement in line with the actual costs of care.

LD 1489 is a two-part response to this crisis:

- 1) It directs the Department to **apply a cost-of-living adjustment** to PNMI-C rates as outlined in existing statute—Title 22, section 3173-J. The inflation factor would be based on the U.S. Bureau of Labor Statistics’ medical care services index, including categories like professional services, nursing home services, and adult day care. The greater of this index or a department-selected standardized index would be used.

While the bill originally calls for a **retroactive adjustment to January 1, 2025**, I understand the Department has raised concerns about CMS notification timelines. I do not know why the Department missed the notification deadline with CMS for COLAs that are mandated in Maine statute, but I hope this committee has investigated or plans to.

I would be supportive of an effective date of **July 1, 2025**, as a workable compromise.

- 2) LD 1489 requires the Department to **immediately begin a formal rate study for PNMI-Cs** and implement new rates by **January 1, 2026**. This is long overdue. The Department had initially tied PNMI-C rate reform to the nursing facility rate reform process that began over two years ago. While that reform was implemented in January 2025, PNMI-C reform has not progressed.

The bill also includes a **transition plan** to protect providers from sharp rate decreases. Rates cannot decrease in the first year of implementation of a new rate structure, and any decreases would be capped at 5% in the second year and 10% in the third. This is a critical safeguard for a sector already on the brink.

Why this matters:

Long-term care is not a luxury. It’s a service nearly **70% of older adults** will need at some point in their lives. With Maine’s aging population and rising rates of dementia and disability, we simply cannot afford to keep losing these facilities.

Closures like Halldale Manor are more than statistics. They are painful disruptions to the lives of vulnerable Mainers and their families. They are caregivers out of work. They are residents forced to leave a place they have come to know as home.

LD 1489 is a practical, measured, and urgently needed response. It follows the law, addresses a documented funding gap, and helps ensure the continued existence of PNMI-Cs across our state.

I respectfully urge the Committee to support this resolve. Thank you for your time and consideration of my testimony. I would be happy to answer any questions.