

Testimony of Wanda Pelkey
CEO, First Atlantic HealthCare
Before the Joint Standing Committee on Health and Human Services
Wednesday, February 11th at 10 AM

In Support of:

LD 2131 – An Act to Preserve and Improve Access to Nursing Facility Services in the State

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 2131. First Atlantic is a Maine-based company that owns and operates 17 nursing and residential care facilities and manages operations throughout our state. We provide care to about 1,500 residents each day.

I am testifying today in support of LD 2131. As others have summarized, there are three major aspects to this bill, two of which tweak provisions relating to the Nursing Facility Rate Reform program put in place in January 1, 2025.

If this bill passes, the changes outlined in the amendment will:

- Ensure all nursing facilities receive the benefit of the 1% COLA;
- Provide prompt payment of the promised Year 1 Quality Bonuses;
- Require a rate add-on of \$6.00 per patient day (which will restore a portion of the Year 2 (2026) rate cuts).

I support all three proposed changes outlined in LD 2131, but will focus on one aspect today.

My testimony today centers on the \$6.00 per patient day add-on, Section 1, part 2.

First, some quick background--

Through a collaborative effort between Maine Health Care Association (MHCA) and DHHS officials, the Nursing Facility Rate Reform program was crafted in 2025. While MHCA didn't agree with all the provisions, overall the program supported the goals set by the legislature and DHHS for a sustainable rate setting system and was designed to prevent further nursing facility closures, while ensuring providers with rate predictability and transparency. Features that would support these objectives for the longer term included annual COLA increases and a regular rate rebasing. This program began in January 2025, just over one year ago.

One of the goals set by DHHS was for nursing facility providers to rely less on expensive agency staffing. DHHS set MaineCare funding for agency use at 20% in Year 1 (calendar year 2025) and 10% for transition years 2 (2026) and 3 (2027). The impact of dropping from 20% to 10% amounted to \$12.85 per resident day or roughly 5.5% of each facility's direct care rate, which is

the component that funds nursing staff costs. This rate cut occurred this past January and unfortunately, the 1% COLA provided at the same time still meant a 4.5% rate cut.

To make matters worse, many nursing facilities still have to rely heavily on very expensive staffing agencies to have enough qualified direct care staff on each shift. And this isn't a problem exclusive to rural Maine, my centers are mostly urban and I face challenges with finding employees, too.

Moreover, our staff deserve raises. They work extremely hard all day, every day. MaineCare rate cuts mean staff raises are not funded. I don't know of any other healthcare sector that relies as heavily on MaineCare for funding.

In light of these realities, I ask of you HHS committee:

- How shall I maintain staff morale in the face of tight budgets?
- How shall I eliminate the use of staffing agency employees?
- How does this stabilize staffing to support higher quality?

Cutting rates and insufficient COLAs is a slippery slope to losing talented staff, and risking rampant staffing agency use and facility closures.

I urge you to support this bill. While a \$6/day add-on still nets to a rate cut, it does mean partially restoring the ability to support our staff.

Thank you. I am happy to answer questions.

Wanda Pelkey