



Testimony of Angela Cole Westhoff, President and CEO Maine Health Care Association
To the Joint Standing Committee on Health and Human Services

In Support of:
**LD 2131, An Act to Preserve and Improve Access to Nursing Facility Services
in the State**
Wednesday, February 11th at 10:00 AM

Good morning, Chair Ingwersen, Chair Meyer and distinguished members of the Health and Human Services Committee, I am Angela Westhoff, President and CEO of the Maine Health Care Association (MHCA).

The MHCA represents more than 200 nursing homes and assisted living/residential care facilities across Maine. Our mission is to empower members to ensure the integrity, quality, and sustainability of long term care in Maine.

I am pleased to provide testimony in support of LD 2131, and I thank Senator Grohoski for sponsoring this important piece of legislation.

As amended, this bill directs DHHS to amend specific principles of *Chapter 101, MaineCare Benefits Manual, Chapter III, Section 67, Principles of Reimbursement for Nursing Facilities* and to release the 2025 Quality Bonus payments to the facilities that qualified for these payments.

Before I get into my testimony, I want to take a moment to thank the Department for their collaborative efforts to develop the new rate model, implemented in January 2025.

I also offer my gratitude to the legislature for making strategic investments to ease the transition into the new structure by establishing the Nursing Facility Transition Fund as part of PL 2024, Chapter 643. The transition fund was expressly intended to support workforce and retention during the transition to help stabilize the sector.

Unfortunately, over the last decade, Maine has lost 29 nursing homes and more than 40% of its bed capacity. Our goal with LD 2131 is to make three straight-forward, important course corrections to the nursing facility model that will help to restabilize the system.

First, Section 1(1) of LD 2131 addresses the unintended misstep with the calculation of guardrails, and offers a fix, so that all nursing homes can receive cost of living adjustments.

- Currently, 35 out of 77 nursing homes did not receive the 1% COLA the legislature approved and appropriated funding for in the last budget.
- Guardrails were introduced in the new nursing home rate model to prevent major swings in rates that would destabilize an already fragile sector. The guardrails help to moderate any major increases or decreases to the target statewide rate relative to the prior year. For 2026, there can only be a 10% increase from Year 1 (2025) rates to Year 2 (2026) rates, even though some homes are still significantly under the target.
- Functionally, the way the guardrails are currently applied, the staff at nearly half of all long-term care facilities are not receiving the COLA that the legislature intended.
- LD 2131 directs the Department to adjust their order of operations in calculating rates to make COLA not subject to guardrails, retroactive to 1/1/26 so all nursing homes can get the 1% increase for 2026 and any future COLAs as well. When the transition period is over, there will be no guardrails and nursing homes will receive COLA without an artificial barrier.
- The funding for this fix has already been appropriated, and making this change would be in keeping with the legislative intent in PL 2025, Chapter 388, Part GGG.

Second, LD 2131 provides a partial reinstatement of the direct care add-on to support workforce recruitment and retention.

- Year 1 of the nursing facility rates included an adjustment in the calculation of the direct care (labor) portion of the rates in recognition of the historic labor crisis.
- During the pandemic, Maine lost between 10-15% of the long-term care workforce. We have made progress in recruiting new workers, but to meet mandated staffing requirements, nursing homes are forced to utilize very expensive temporary nurse agency labor.
- The add-on for staffing agency labor in Year 1 was worth approximately \$12.85 per day, per MaineCare resident. That ended on 12/31/25. We have seen a decline in agency labor because of this add-on and the ability to pay direct care workers competitively with other sectors.

- If the add-on were completely eliminated, the progress to reduce reliance on agency labor will slide backwards after just 12 months of forward momentum. The \$6.00 per day add-on is roughly half of the Year 1 add-on.
- This is a step-down approach from the Year 1 rates, which was based on an estimate that 20% of total staffing was from staffing agency. In Year 2, that drops down to 10%. We're still seeing some counties with agency workers as high as 30% of their staffing so this incremental approach will help nursing homes stay the course on reducing contract labor.
- The cost of partially reinstating the \$6.00 labor add-on could be funded in part from the existing resources in the Nursing Facility Transition Fund with any additional funds needed provided through the General Fund.

Third, LD 2131 directs the Department to release the \$8.1 million in quality bonus payments that should have been awarded by December 2025.

- All but two nursing homes met the Year 1 requirements to earn a quality bonus payment, yet no payments have been made.
- The Department recommended that \$8.1 million per year (for the first three years of the transition to the new model) be used for a Value Based Payment Program to incentivize quality improvement focusing on key measures of reducing staff turnover, reducing use of antipsychotics, and measuring resident/family satisfaction.
- The quality payments are to be paid out of the existing funds in the Nursing Facility Transition Fund. Criteria for earning the payments were established in the NF Principles of Reimbursement and the vast majority of nursing homes dutifully participated in the required trainings, and a myriad of Quality, Excellence, Staffing, and Teamwork (QuEST) meetings and subcommittee meetings.
- In December, the Department sent notice letters to all eligible providers indicating the quality bonus payment amount they will be receiving; however, those funds have not been released.
- The Department has stated it is waiting for CMS approval prior to releasing these funds, even though the payment promise was made before the State Plan Amendment was submitted to CMS.

- We understand now that the State Plan Amendment for the entire new rate model has not been approved. Yet nursing homes have been paid under this new model for the last 12 months. This is perplexing.
- The funding source for the quality payments is the existing Nursing Facility Transition fund. The fund was established in Part SSS of Public Law 2024, Chapter 643 with unappropriated General Fund surpluses that were transferred into an Other Special Revenue (OSR) account with matching federal dollars.
- Even without CMS approval, the Department could use state funds to pay providers what has been promised.

Thank you for your time and attention. I would be happy to answer any questions and I urge the committee to vote yes on the amended version of LD 2131.