

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 Opposition to:
LD 2177– An Act to Update and Improve the MaineCare Reimbursement System**

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 opposition to LD 2177, An Act to Update and Improve the MaineCare Reimbursement System. First Atlantic is a Maine-based company that owns and operates 17 nursing and residential care facilities and manages operations of several more throughout our state. We care for about 1,500 residents each day.

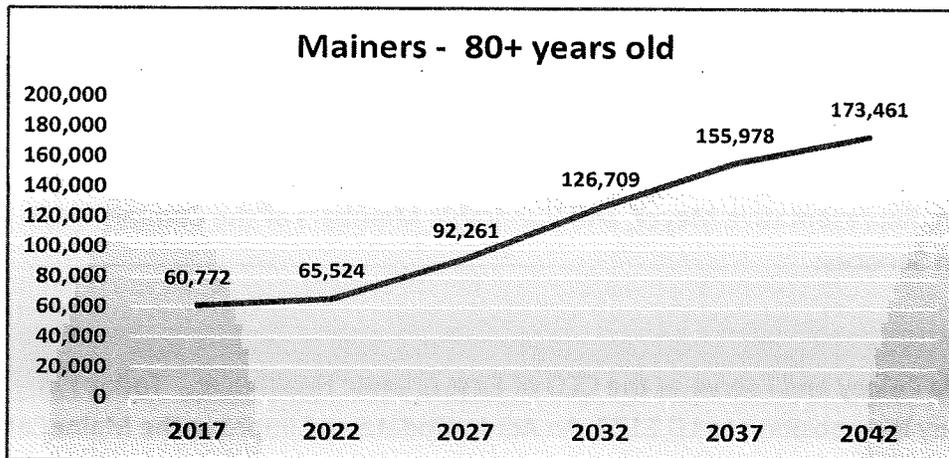
Today, I am testifying in opposition to LD 2177. This bill includes damaging elements that I believe will undo the good work done by DHHS in their Nursing Facility Rate Reform work designed to protect facilities from closure. Notably this bill will:

- Eliminate regular annual inflation adjustments
- Remove regular rate rebasing

We are just now entering into Year 2 of the newly designed NF Rate Reform transition program. DHHS led a highly collaborative process to develop a new reimbursement plan that supports predictable and sustainable payment rates. Key to positioning the program for long term success is maintaining annual COLA increases and a regular rate rebasing.

Sadly, these elements will be stripped away if this bill passes. Over time it will undo all the careful work done by DHHS done a mere two years ago. We should all worry that the changes proposed in this bill would again lead to facility closures and decreased access to services.

We've all heard the statistics and it bears reminding... **In the next 15 years, the number of Maine citizens 80-plus year old will nearly double.** In light of this forecasted growth and the significant increase in the number of older adults who will need long term care services, Maine can't afford to lose any more long term care facilities.



Source: Maine State and County Population Projections, 2042, April 2025 Release

Labor supply is tight now and getting tighter. This alone will pressure labor costs in our settings. Technology will undoubtedly help some individuals remain in their homes longer, but so far neither AI nor robots are replacing the comforting touch of a caregiver.

Moreover, our staff deserve raises that a COLA provides. Raises are proven to maintain staff morale and provide staffing stability. It improves our ability to keep expensive contract workers out and maintain high quality services. Stripping away dependable COLAs and rebasings means we can't promise raises to our hardworking people.

Therefore, I urge you to oppose this bill. LD 2177 would reduce the predictability and stability of MaineCare reimbursement. And it will reverse and remove the good work done by DHHS in their NF Rate Reform work and threaten access to care at a time when more Mainers will really depend upon it.

Thank you for the opportunity to testify today and I would be happy to answer any questions.