



Maine Health Care Association

Testimony of Angela Cole Westhoff, President and CEO Maine Health Care Association

Committee On Appropriations and Financial Affairs

Neither For Nor Against

LD 2212, An Act Making Unified Supplemental Appropriations and Allocations for the Expenditures of State Government, General Fund and Other Funds, and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2026 and June 30, 2027

Tuesday, February 17th at 1:00 PM

Good afternoon, Senator Rotundo, Representative Gattine and distinguished members of the Committee on Appropriations and Financial Affairs; Senator Ingwersen, Representative Meyer and distinguished member 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 our members to ensure the integrity, quality, and sustainability of long term care in Maine.

I am testifying neither for nor against LD 2212, not for what the Supplemental Budget includes, but rather for what it fails to address.

The Supplemental budget doesn't address COLA for direct care staff, and it doesn't address the needed changes to reimbursement rates for nursing facilities.

Regarding COLA:

35 out of 77 nursing homes did not receive the 1% COLA that the legislature approved and appropriated funding for in the last budget. COLA is about ensuring essential direct care employees are recognized for their value, and that their wages reflect the changing nature of life in America—the cost of transportation, housing, childcare, etc. In addition, there are no cost of living adjustments in the supplemental budget to address ongoing increases in the cost of providing care.

Regarding the inadequate MaineCare reimbursement rates:

The current MaineCare reimbursement rates do not fully cover the cost of care. Without regular rate adjustments, rates remain flat while the cost of providing care continues to rise. The historic direct care worker crisis is a direct reflection of reimbursement rates lagging. Unfortunately, we have a lot of experience with this in the nursing home sector where MaineCare reimbursement remains flat, the cost of care escalates, and the gap between the two widens. Since 2014, there have been over 50 closures or conversions of long term care facilities in our state. Maine has lost 29 nursing homes and more than 40% of its bed capacity over the last decade. Further, Maine has the fewest beds per capita of any state in the Northeast. As the oldest state in the nation, with a significant population of older adults aging and quickly needing our services, this is a deeply troubling trend.

The exclusion of COLA and the exclusion of improvements to MaineCare reimbursement rates should be deeply concerning to everyone who cares about Maine's most vulnerable living in nursing and assisted living facilities. You can help prevent additional closures by making sure that a full COLA is added.

For background, I'll remind the committee that the transition to the new nursing home rate model was implemented on January 1, 2025, during which, thanks to the legislature, the Nursing Facility Transition Fund was established 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, and to support the new rate model.

I note this because there is legislation in this session (*LD 2131, Resolve, Directing the Department of Health and Human Services to Amend Specific Portions of the Nursing Facility Principles of Reimbursement and to Timely Release Quality Payments*) which among several other course corrections would direct DHHS 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.

This same bill (LD 2131) would also provide for a partial reinstatement of the direct care add-on at \$6.00 per day. This is an important incremental step down approach that could be funded in part by funding existing in the Nursing Facility Transition Fund, and in part with a General Fund appropriation. It would be a one-time appropriation for the SFY 2026 and this small investment would go a long way to helping with recruitment and retention of caregivers.

Long term care facilities have raised caregiver wages by more than 30% over the last few years, provided sign on bonuses, shift differential pay, and other incentives to help with caregiver

wages and benefits. We are making progress on decreasing reliance on temporary nurse agency labor (also known as contract labor) but after just one year we will see that progress slide backwards if remove the entire direct care add-on.

In summary, the long-term caregivers need your help. The long term care residents need your help, too. You have the opportunity to help both today, by including adjustments to MaineCare reimbursement rates and COLA to the Supplemental.

Thank you and I would be happy to answer any questions.