

**TESTIMONY OF Wanda Pelkey
Chief Financial Officer
First Atlantic Healthcare**

April 5, 2021

To the Joint Standing Committee of the Health and Human Services Committee

In Support of L.D. 1112

***Resolve, To Classify Employee Health Insurance as a Fixed Cost for MaineCare
Reimbursement in Nursing Homes***

Good afternoon Senator Claxton, Representative Meyer and members of the Committee. My name is Wanda Pelkey and I'm the Board Chair for Maine Health Care Association. I'm also CFO for First Atlantic Healthcare, a company with 20 nursing and residential care facilities throughout Maine caring for 1,500 residents and employing roughly the same numbers. I'm testifying in support of LD 1112. Thank you Senators Timberlake, Claxton and Moore and Representative Perry for sponsoring.

Several ago I held a health insurance renewal meeting where I was proud to offer \$10/wk options for single coverage. That's terrific, right?? After the meeting a CNA approached me and shifted my view.... She said bluntly "The \$10 per week option stinks! With a \$6,400 deductible I still can't afford care or buy coverage for my kids". Her reality was painful to hear. Unfortunately we could do no better.

So how could this bill help?

It would help me keep insurance costs lower for my staff and limit the need to charge more upon difficult renewals. By categorizing health insurance premiums as a "fixed cost", it ensures those costs are paid ratably by Mainecare program.

We all know health care and insurance costs are expensive and rising. Regularly plan renewals cause our premiums to rise 10-20%. Shopping other options with the few insurers in Maine is seldom helpful, even when they bother to quote. Our company isn't alone and these increases far outpace COLA increases provided by Mainecare.

To balance budgets, we've charged more to our staff. This creates an awful cycle of unaffordable premiums and higher deductibles; some then drop coverage. Those remaining are generally heavier users and leads to premium price hikes the next year.

On face, it just seems wrong that our health care staff can't afford their *own* health care, even though our insurance is deemed "affordable" by ACA definition.

This bill can help. Providing a reliable matching Mainecare payment to our health insurance costs helps us provide good benefits at affordable rates. It help's Maine too that those payments are heavily supported by federal dollars. If we can lower employee out-of-pocket costs, it helps recruit sorely needed direct care workers and gives them a reason to stay. I feel it's a step in the right direction.

I'm happy to answer any questions you have.