



May 22, 2019

Hon. Geoffrey M. Gratwick, Senate Chair
Hon. Patricia Hymanson, House Chair
State of Maine
Joint Standing Committee on Health & Human Services
5 State House Station
Augusta, ME 04333

RE: Testimony in Support of L.D. 1758, *An Act To Clarify and Amend MaineCare Reimbursement Provisions for Nursing and Residential Care Facilities*

Dear Senator Gratwick, Representative Hymanson and members of the Health and Human Services Committee:

LeadingAge Maine & New Hampshire is the association of not-for-profit, senior living communities and care providers in Maine and New Hampshire. Of the 51 member facilities, 30 are located in Maine.

We support LD 1758 as it addresses some of the current financial challenges and future uncertainty facing residential care and nursing facilities. These MaineCare providers operate within a broken reimbursement system that is infrequently reviewed and lacks mechanisms to keep pace with rising costs. We remain hopeful that the system will one day be overhauled. For now, this bill offers reasonable, real-time relief for our field.

LD 1758 addresses nursing home re-basing, occurring every two years and providing for an inflation adjustment. Beginning July 1, 2019, the bill proposes that this inflation adjustment be further modified according to a SNF's actual costs, adjusted for a forecasted increase in the SNF market basket index, and adjusted for actual inflation and any other changes to the medical services index/market basket index.

This methodology is welcome improvement. We have two clarifying questions, however.

- 1) **Section 1. 22 MRSA 1708 (3) F** calls for re-basings after July 1, 2019 to be based on filed cost reports filed as of April 30th of "that respective year". That gives a provider with a December 31 Fiscal Year-End sufficient time to submit an up-to-date cost report. However, some of our members have April 30 Fiscal Year-Ends and thus will always be a year behind for rebasing purposes. **Would the Committee please consider changing the cost report deadline to May 31?** Most facilities have Fiscal Year-End dates of either December 31, June 30 or September 30, allowing sufficient time for all to submit their cost reports.

- 2) Of the three provisions added to **Section 1. 22 MRSA 1708 (3) F**, number 3 calls for *an adjustment to reflect the actual inflation and take into account any further changes to the medical care services index or market basket index projections over the payment year*. **Could the Committee please clarify the definition of “actual” inflation?**

LD 1758 further addresses the most critical challenge facing our members: rising labor costs related to extreme competition for direct care and other support staff, and the need to provide fair wages and benefits. The bill would extend the 10% supplemental wage allowance for residential care and nursing facilities as established last session. Providers need every bit of help to address these workforce challenges as the workforce crisis continues unabated.

We are pleased that this bill clarifies the calculation of the enhancement by:

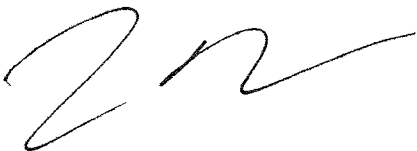
- Requiring the allowance to include contract labor, thereby accounting for nursing, housekeeping, dietary, laundry and related services that are the backbone of quality care;
- Stipulating that increases do not need to be directly applied to wages/benefits, offering providers with a more flexible way to tackle a host of labor-related cost drivers;
- Reducing the occupancy penalty for nursing homes and providing for a supplemental payment for high MaineCare volume nursing facilities and those serving special populations; and
- Requiring residential care reimbursement rates for allowable direct care, personal care services and routine care costs be adjusted yearly for inflation.

LD 1758 is important because it will provide real-time, extra funding for wage-related increases during this workforce crisis. It doesn't take away current and pending threats to the continued viability of our State's residential care and nursing facility infrastructure, e.g. minimum wage increases, mandates for sick and family medical leave, etc. However, for facilities operating on the brink of closure or bed reduction, it offers some relief.

Maine's long-term care system relies heavily on MaineCare funding (around 70% across the continuum). It is not within providers' power to simply charge more for their services, as any private employer would do in the face of rising operating costs. Only you have the power to provide some relief. We urge you to make a statement that you value the Long-Term Services and Supports workforce and the essential services they provide by voting this bill Ought to Pass.

On behalf of the hundreds of older adults served with dignity and heart by our residential care and nursing home members, I thank you for your support.

Sincerely,



Lisa Henderson
Executive Director