



Maine Health Care Association

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

To the Joint Committee on Appropriations and Financial Affairs

Wednesday, May 17, 2023 at 1:00 PM

Neither For Nor Against Long Term Care Provisions in:

Governor Janet Mills' Proposed Change Package to LD 258, An Act Making Unified Appropriations and Allocations from the General Fund and Other Funds for the Expenditures of State Government and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2023, June 30, 2024 and June 30, 2025

Good afternoon Senator Rotundo, Representative Sachs, and distinguished members of the Appropriations and Financial Affairs Committee. My name is Angela Westhoff, and I serve as the President and CEO of the Maine Health Care Association. We represent approximately 200 nursing homes, assisted living, and residential care facilities (also known as Private Non-Medical Institutions or PNMI) across the state. Our mission is to empower members to ensure the integrity, quality, and sustainability of long term care in Maine. I am here today to provide testimony neither for nor against sections of the long term care provisions within Governor Janet Mills' Proposed Change Package to LD 258.

As I've shared before, Maine's long term care sector is facing a very serious crisis. Nursing homes and residential care facilities are struggling with a workforce crisis of epic proportions with the lowest workforce levels in the last 13 years. While other health care sectors have started to rebound or are approaching pre-pandemic levels of staffing, long term care is still struggling. In fact, long term care is the worst impacted healthcare sector for staffing.¹ With fewer and fewer

¹ American Health Care Association/National Center for Assisted Living (AHCA/NCAL). (2023, January). LTC Jobs Report Jan2023. Retrieved May 17, 2023, from <https://www.ahcanal.org/News-and-Communications/Fact-Sheets/FactSheets/LTC-Jobs-Report-Jan2023.pdf>

staff, facilities are forced to limit admissions, and that contributes to the backlog of patients in hospitals waiting for a long term care placement. This has serious negative consequences for access to care in a much broader context.

The financial burden providers are facing is not going away. A historic workforce shortage, increased reliance on staffing agencies, lagging reimbursement, and skyrocketing costs threaten access to long term care services. Even with the much-appreciated one-time supplemental COVID-19 funding, 15 long term care facilities have closed since 2020 (with six closures in 2021 alone). And an announcement was recently made that more closures are coming. Without legislative action, there will undoubtedly be other closures over the next two years before rate reform is fully implemented as current reimbursement rates do not keep pace with the cost of providing care.

Maine is the oldest state in the nation, as measured by median age, and is projected to continue to get older. And yet the state has the fewest nursing home beds per capita in New England.² Now is not the time to watch and let our existing health care resources deteriorate.

The Revenue Forecasting Committee recognized \$223 million in funding available for the fiscal year 2023. But the change package does not include additional funding for long term care beyond what was originally proposed in LD 258.

Included on pages A-368 and A-411 of the original budget, there is approximately \$5 million per year in the Biennial Budget for high MaineCare utilization add-on payments to private non-medical institutions (PNMI-Cs) as a bridge to broader payment reform that will go into effect in January 2025.³ This is a continuation of an existing add-on program that mirrors a provision in the nursing home Principles of Reimbursement. Because of the gap between the Medicaid reimbursement and the cost of care, this helps to incentivize providers to take in more MaineCare residents. However, the program was not fully funded at the initial outset, and we believe based on Medicaid occupancy that the total amount needed is \$7 million per year or \$14 million over

² SNF Data. (n.d.). State Statistics. Retrieved May 17, 2023, from https://www.snfddata.com/state_statistics.html.

³ These lines are on page 18 and numbered 101-103 on the AFA's published "FY24-2025 GF Biennial Budget Material" document titled *LD 258 Unvoted Part A Initiatives-HHS*.

the biennium. Therefore, we urge the committee to consider adding an additional \$4 million to this budget.

In addition, the Biennial Budget includes approximately \$29 million in funding for nursing facilities to “support investment and rate reform for fiscal year 2024-2025. This amount is equal to the estimated amount required for nursing facility rebasing in fiscal year 2024-2025” (page A-382).⁴ We support rate reform, and we know the current rate structure is grossly inadequate with structural shortfalls year over year. However, this \$29 million will not be enough to fund nursing facilities sufficiently, let alone support further rate reform-related investments. Furthermore, this funding is dedicated to nursing facilities and would not support PNMIs. Significantly more funding is necessary to ensure rate reform is adequate to stop further facility closures, which limits access to care.

Lastly, the Health and Human Services Committee’s LD 258 reported back on March 10, 2023 a recommendation of adding \$6 million in General Funds in state fiscal year 2024-2025 to support nursing facilities. We appreciate HHS’s recommendation and would like to reiterate this request for AFA’s consideration. This funding would be a small step to help towards keeping nursing facilities open.

We appreciate all of the competing priorities that the legislature has to balance. However, with an additional \$223 million available in the next fiscal year alone, we implore you to allocate bridge funding that is needed today to maintain access to long term care until a more adequate rate system can be implemented in 2025. If no action is taken to address this funding shortfall, additional facilities will close, access to long term care will further deteriorate, and our most vulnerable citizens will be left uncared for.

Thank you for your time today, and I would be happy to answer any questions.

⁴ These lines are on page 20 and numbered 128-130 on the AFA’s published “FY24-2025 GF Biennial Budget Material” document titled LD 258 Unvoted Part A Initiatives-HHS.