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REPORT TO THE LEGISLATURE

TO: Joint Standing Committee on Health and Human Services
Joint Standing Committee on Appropriations and Financial Affairs
FROM: Maine Department of Health and Human Services
DATE: February 13, 2024
RE: Extraordinary Circumstance Allowance Payments to Nursing Facilities

Background

Public Law 2023, Chapter 412, Part NNNNN authorized the Department of Health and Human Services (DHHS) to provide financial assistance to nursing facilities under an extraordinary circumstance allowance, subject to the following conditions:

- Nursing facilities receiving financial assistance may not convert nursing facility beds to other service models, such as residential care facility beds, without written approval from the department's division of licensing and certification, based on access considerations; and
- Nursing facilities were required to submit efficiency plans to the department with a focus on contracted labor.

Financial assistance under this provision was subject to the availability of funding. No new appropriations were made for this purpose.

Payments Made

Payments were made on a one-time, lump-sum basis in December 2023. Facilities were required to submit an application, including an efficiency plan and assurance that the facility would not close or convert to residential care without prior approval through December 31, 2024. The Department sent a notification to providers on October 13 that the application period would start on October 16, 2023 and would remain open until October 27, and at the request of providers, the deadline was extended to November 3, 2023.

Of the 80 facilities that applied, 79 qualified to receive payments. One applicant is in the process of converting to residential care, making it ineligible under this initiative. Another has moved to a new location, is in the process of enrolling the new location with MaineCare and will be eligible to receive a payment once enrollment is complete. The total of all payments is \$19,625,447 (Table 1). This includes 78 payments made in December 2023 and one payment that will be made to the facility that is pending enrollment.

Table 1. Payments Made Under PL 2023, Chapter 412, Part NNNNN

Total Number of NF Applicants	80
Total Number of NF Payments (1 pending)	79
Total Payment Amount	\$19,625,447
Average Payment Amount	\$248,423
Median Payment Amount	\$185,084
Payment Range	\$758 - \$710,041

Payment amounts were informed by the difference between MaineCare reimbursement for direct care costs and actual direct care costs documented by facilities in their 2022 cost reports. Prior supplemental payments made and reported on Schedule GG of the cost reports were not included in this calculation. The payments made under this initiative must be applied to allowable costs incurred from October 1, 2023, through December 31, 2024, and the priority use of the payments is for allowable direct care costs.

Facility Efficiency Plans

NFs were required to develop and submit efficiency plans as part of the application process. Note that submission of the efficiency plan did not constitute approval of the plan and that facilities still need to adhere to known allowable costs. NFs were asked to address specific organizational categories, practices, and processes that they intended on making more efficient. Some NFs' plans addressed all the categories offered by DHHS, while others specifically addressed some of these categories. The NFs' responses have been synthesized and organized to reflect their responses in each of the following categories:

- Staffing
- Clinical Enhancements
- Training
- Energy
- Organizational, Technological, and Service Redevelopment

Staffing

Nearly all the NFs included plans to address the staffing shortages that are being experienced across the state. By increasing the number of staff that they employ, NFs will be able to increase occupancy and more fully utilize the capacity at their facilities. Increasing the number of employed staff also reduces the cost of using contracted temporary staff.

The most frequently proposed staffing strategy was to increase wages, benefits, sign-on bonuses, and retention incentives for high-demand clinical staff. Examples included but were not limited to:

- Sign-on bonuses;
- Referral awards to current employees who successfully referred new employees;

- New or increased retention raises and bonuses;
- Attendance incentive pay;
- Weekend coverage incentive pay;
- Flexible scheduling and shift offerings;
- A Retention Academy program to assist non-clinical staff move toward or into clinical roles;
- Matching retirement contributions; and
- Tuition assistance.

The second most frequent staffing expansion strategy proposed was to bolster recruitment activities. Proposed recruiting strategies included hiring facility-specific and regional recruiters, increasing participation in and facilitation of job and career fairs, implementing and increasing engagement with Maine Department of Labor Career Centers and DHHS FedCap offices, employing and increasing targeted job posting and training opportunities at educational institutes and through online platforms such as social media, and outreaching to staff formerly employed by their organizations.

Two additional approaches less often proposed were efforts by NFs to decrease their dependence on outside agency clinical staff, and enhancement of hiring and onboarding processes. By limiting or eliminating their dependence on outside agencies such as temporary and travel staffing agencies, NFs will be able to devote more resources directly to hiring, training, and retaining permanent in-house staff. Furthermore, by streamlining their hiring and onboarding processes, workers can begin working sooner and gain additional skills on the job. A few NFs intend to hire a Chief Workforce Officer or engage expert consultants to achieve the goal of improving their hiring and onboarding processes.

Clinical Enhancements

Roughly two-thirds of the NFs that received an ECA payment submitted plans to enhance their clinical practices, documentation, or systems. Examples of clinical plans submitted include:

- Improving tracking and prevention planning for falls and serious injuries;
- Lowering usage of anti-psychotic and high-cost prescription drugs;
- Increasing utilization of interdisciplinary transitions of care and discharge planning to reduce hospital admissions and readmissions;
- Updating clinical documentation software such as Point Click Care (PCC) and Swift Wound Care; and
- Creating and facilitating behavioral health management training for staff to improve clinical outcomes for patients.

Additionally, some NFs proposed enhancing their facilities' overall risk management procedures and improving the implementation of their ongoing performance improvement plans.

Training

More than half of the NFs that received an ECA payment submitted plans to augment or incentivize workforce training programs. By increasing the number of participants engaging in and completing training programs, NFs will increase the pool and the quality of healthcare professionals that may be hired by their organizations. Nearly all the training efficiency plans included strategies for increasing access to Certified Nursing Assistant (CNA) and Medication Technician (Med Tech) training and amplifying their offerings of financial incentives for participation and certification. Some noted that by hiring CNAs with Med Tech certifications and encouraging current CNAs to attain such certifications, they reduce their need for Licensed Practical Nurses (LPNs). Many of these training opportunities will involve community partnerships to better promote and administer training for current and prospective students, as well as current professionals seeking to further their careers.

The financial incentives proposed to be offered for training participation and completion include but are not limited to:

- Training tuition assistance;
- Tuition assistance and sponsorship targeted to LPN students;
- Development or continuation of “Earn While You Learn” programs; and
- Promotion incentives and bonuses for staff upon completion of certification.

Additionally, some NFs also proposed to use funding to develop onsite training, hire in-house training staff, and focus efforts on shifting organizational priorities by re-training non-clinical staff for in-demand clinical positions.

Energy

More than a third of the NFs that received an ECA payment submitted efficiency plans to update or replace their facilities’ energy systems and equipment, and/or update vendor contracts to save on energy costs.¹ System and equipment upgrades include heat pump installations and replacements, generator replacements, natural gas conversions, HVAC system improvements, solar system installations, LED lighting conversions, window replacements, water boiler replacements, and the utilization of energy saving and optimizing rebates earned from energy usage improvements. Additionally, many of the NFs intend to enter into new energy contracts that offer fixed or preferred pricing to lower their overall energy costs, with some examining the possibility of partnering with new vendors. Many NFs plan to continuously monitor and analyze

¹ Note that in the MaineCare provider bulletin announcing the ECA payments, facilities were advised that for energy efficiency projects (including heating, ventilation, air conditioning, and lighting), facilities should first seek funding through Efficiency Maine Long-Term Care Retrofits program: <https://www.energymaine.com/at-work/long-term-care-retrofits/>. The Efficiency Maine program was also featured at the Maine Health Care Association’s Fall 2023 conference in Rockport.

their energy systems and utilization to reduce costs and minimize the associated budgetary burden over time.

Organizational, Technological, and Service Redevelopment

Over a quarter of NFs submitted plans to redevelop or restructure their organizations to improve budgetary, administrative, and/or service delivery efficiency. The most proposed organizational redevelopment involved accounting enhancements, including more effective expense management protocols for supplies and food service, and reduction of nursing costs.

Additionally, NFs also proposed reducing and consolidating administrative staffing, reducing non-essential staff, and freezing staffing hires for non-clinical positions, which will allow facilities to focus their recruitment and hiring efforts on clinical staff.

Some NFs proposed using ECA funding to invest or expand use of labor-saving technologies such as telehealth platforms, staff scheduling software, online recruiting software, web-based training, and the most up-to-date Electronic Medical Record (EMR) software. A few NFs noted intentions to consolidate services such as medical transportation and administrative functions with community vendors.

Conclusion

In December 2023, the Department distributed nearly \$20 million in one-time payments to NFs with a goal of preserving access to NF services until longer-term rate reforms are implemented. Requirements of the initiative included submission of an efficiency plan and assurance that NF beds would not be closed or converted without the Department's prior approval through December 2024. Nearly all of Maine's NFs participated in the initiative.