



January 26, 2024

The Honorable John Tester  
Chair, U.S. Senate Committee on Veterans' Affairs  
412 Russell Senate Office Building  
Washington, D.C. 20510-6050

**Subject: Testimony for the January 26, 2024, Senate Committee on Veterans' Affairs Field Hearing regarding long term care for Veterans in Maine.**

Dear Members of the U. S. Senate Committee on Veterans' Affairs,

It is my pleasure to be speaking with you about Veterans' access to long term care and my experiences. My name is Sharon Fusco and I am the CEO of Maine Veterans' Homes, a private nonprofit established to operate six homes across the state in both rural and urban settings. Last year, we served 1005 Veterans, spouses, and Gold Star family members. Our facilities are known nationally for providing high quality care for over 40 years. We have earned four five star ratings and one four star rating from CMS in our nursing homes and one silver and three gold awards for quality from the American Health Care Association.

My testimony begins with the story of Bart.

Bart is a Navy Veteran who served in WWII. He was the sailor whose whistle communicated the captain's command to his fellow seaman. Bart was quick to show me his whistle, his uniform, and his room. Bart is slim and he carries a baseball bat covered with stickers, including one of "his Marilyn Monroe." Bart has dementia. He is unable to remain safely at home and has no one who can provide the 24-hour care and monitoring he needs. He is not acutely ill, so he doesn't qualify for a hospital stay. Maine Veterans' Homes assisted living unit provides a place for his memories to hang on a wall and a caring team of qualified care professionals to make sure he's safe.

Although there are many seniors that share Bart's story in Maine, his is unique. Most individuals who enter a nursing home eventually end up on Medicaid after they have exhausted their savings to qualify. However, as a resident of MVH, Bart is not on Medicaid. Nor does he privately pay for services or receive Medicare funding. Because of a service-connected disability that qualifies him for benefits under the VA's 70% program, the VA pays MVH for his care. No other source of insurance is allowed, including private pay. This means that neither the individual nor the state pays for their care, allowing Bart to keep his savings and pass it on to his family, if he chooses.

Unfortunately, the system of care that Bart relies upon is threatened as we are facing unprecedented challenges. These include: 1) lagging reimbursement rates, 2) inflation, particularly wage inflation, and 3) workforce shortages. Our business model does not work because we are not reimbursed for the true cost of providing care. We are further threatened by unfunded, minimum staffing mandates proposed by CMS and temporary staffing agencies which charge price-gouging fees and deplete the labor pool. These challenges were heightened by the pandemic when record numbers of employees left the medical field. These departures caused sharp declines in our census, which has been slow to recover because of the

shortage of staff members to care for those needing our care. Our finances are further challenged by costly VA regulations specific to Veterans' homes that don't apply to other nursing homes. We estimate that VA requirements unique to State Veterans' Homes cost MVH \$2.7MM annually (excluding capital projects and mandates which cannot be easily quantified).

In FY2023, MVH lost \$14MM and in FY2022, MVH lost \$16MM. We have drained our capital replacement funds to cover the cost of operations by over \$13MM in the last three years. This means we are stealing from our future to pay for our present.

The fix to the financial crisis in our industry is simple: fund the true cost of care. Medicaid and Medicare rates, VA Stipends, and VA Prevailing rates must be increased. These rates need to be tied to inflation indices to keep pace to mitigate the risk of falling behind year over year. Next, fully fund the VA Capital Grant Program so that we can continue to make improvements to our facilities. Finally, review and reduce unfunded regulations that increase cost. If you desire homes dedicated to providing high quality care for Veterans, then we must fund them adequately.

Staffing shortages are more complex, but there are steps that we can take:

1. Fully fund career pathways for individuals employed in the long term-care industry. Funding programs like "Earn While You Learn" increase the capacity to offer career pathways for individuals interested in health care professions.
2. Place an immediate halt to CMS's proposed minimum staffing rules. I appreciate that the committee has already opposed these rules and recognizes the detrimental impact these rules will have on the industry if passed.

As we stabilize the industry, we can begin to look at the initiatives which will ensure a sustainable system of care for older Veterans and their families, in both rural and urban settings. We have opportunities to invest in technology, collaborations across the continuum of care and innovative models of care and technology. These investments will yield better healthcare outcomes and quality of life for Veterans and their families. Investing in programs and ideas such as these means we can continue to lead the nation in services for Veterans as they age:

- MVH's newest facility is in Augusta and is built under the Small House Guidelines from the VA. This model of care is showing great promise of improved quality outcomes and staff retention. It is also providing a built environment which appeals to residents and their families. This is the future of care; however, this care is extremely expensive. Our annual budget increased from \$16MM to \$27MM. Please refer to the attached document for details.
- The Aroostook County Health Improvement Partnership which works to connect resources across the continuum of care. The Aroostook County Health Improvement Partnership is a Maine DHHS grant-funded demonstration project that's bringing together more than 20 partners in the public health, health care, and social services sectors, with a goal of reducing social barriers care – issues like transportation challenges, food insecurity, housing instability, and social isolation. The project, which is in its planning phase, is prompting deep investigation and discussion of how unmet social needs adversely impact the well-being of Aroostook County residents, as well as stimulating collaborative and creative problem-solving as the partners look to transform systems to deliver comprehensive, whole-person care.
- MVH is partnering with the VA on a pilot program through the Cleland Dole Act which is designed to enhance mental health services through the use of telehealth. We need more funding like this that builds capacity for mental health services. We know that the needs of Vietnam

Veterans are dramatically different than our WWII and Korean War Veterans. We need programs that will help us retool to better meet these needs.

- Create centers of excellence in the use of technology. Technology has the power to change what it means to have a disability and how we serve individuals with disabilities. There has been an explosion of technologies that are life changing for individuals with disabilities. Consider as an example technology that helps a blind person see or restores fine motor skills to someone with Parkinson's. The use of integrated technology, AI, and robotics all suggest new ways of providing innovative, person-centered care to our residents at a lower cost. But, we need funding to modernize our care models and infrastructure for the future of Veterans' care.

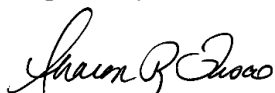
It is critical that as we work to build and strengthen services across the continuum of care, we recognize that building up services may require expanding our investments, versus diverting them. For example, building up home and community care is essential. Done well, these investments can delay entry into Medicaid and into more costly care settings. However, doing so, will increase the acuity of patients entering nursing homes – and there will always be a need for higher levels of care than can be provided at home. Hence, we cannot fund one end of the spectrum in lieu of the other. We need a system of care for Veterans as they age.

While our industry is in peril, I have HOPE.

- We have a mission that **honors** the commitment made to serve Veterans when they committed their lives to serving our nation.
- We have **opportunities** through partnership, collaboration, innovation, and technology to provide the right care at the right time in the right setting to serve as many people as possible with the tax dollar. If there is a place that can effectively tackle the issues brought forward, test new ideas and ways of delivering care, and building a model of care for others to follow, it is Maine.
- We have **people** who choose to care for Maine's Veterans, and who do so with passion, integrity, teamwork and joy. They are the heart of the mission.
- The service we provide defines **excellence**.

A quick update on Bart. Not long ago, Bart passed away peacefully. I happened to be on site as his body, draped in an American Flag, was wheeled down the hallways filled with staff standing at attention, some saluting, others with hands over their hearts, to honor Bart as he began his journey to his final resting place. *This is our mission in action* – we help Veterans at the end of their life. We perform this mission with excellence, honor and compassion. While we face challenges, we offer a system of care worth preserving. With your help, we can ensure facilities, like Maine Veterans' Homes, are here for years to come to serve Veterans, like Bart, who gave their all for this country.

Respectfully submitted,



Chief Executive Officer  
Maine Veterans' Homes  
460 Civic Center Drive  
Augusta, ME 04330  
207-215-4000  
sharonfusco@mainevets.org