

Senate Finance Committee

Deb Martone 271-4980

SB 663-FN-A, creating a Medicaid methodology working group within the department of health and human services and making an appropriation to the department of health and human services for eligible nursing facilities based on Medicaid reimbursement rates.

Hearing Date: February 10, 2026

Time Opened: 2:17 p.m.

Time Closed: 2:42 p.m.

Members of the Committee Present: Senators Gray, Innis, Birdsell, Pearl, Lang, Rosenwald and Watters

Members of the Committee Absent: Senator Carson

Bill Analysis: This bill creates a Medicaid methodology working group within the department of health and human services and makes an appropriation to the department of health and human services for eligible nursing facilities based on Medicaid reimbursement rates.

Sponsors:

Sen. Rosenwald

Sen. McGough

Sen. Lang

Sen. Watters

Sen. Long

Sen. Perkins Kwoka

Sen. Prentiss

Sen. Fenton

Sen. Altschiller

Sen. Reardon

Sen. Ricciardi

Sen. Rochefort

Rep. Wallner

Rep. Telerski

Rep. Stringham

Rep. Nagel

Rep. M. Pearson

Who supports the bill: Senators Rosenwald and Fenton; Brenda Buttrick; Brendan Williams; Kate Horgan; Malcolm Dean; Rachel Lenthe; Chuck Crush; Heidi Forrence; Melissa Castor; Eleanor LaBranche; Claire Coll; Claire LaBoeuf; Lucille Gravel; Norma Comeau; Jeanne Boucher; Chantal DjaKonan; J. Eafрати;

Who is neutral on the bill: Henry Lipman;

Summary of testimony presented in support:

Senator Rosenwald, Prime Sponsor:

- SB 633-FN-A will both appropriate some money for this fiscal year to help stop an emergency in the nursing home sector, as well as direct the DHHS Commissioner to convene a working group to examine our rate setting methodology.

- Our current methodology takes into account previous costs of a nursing home, resident health acuity, and budget neutrality.
- Budget neutrality requires the state to cut spending to nursing homes as nursing home costs rise. And this requirement, Senator Rosenwald thinks, is particularly byzantine. It affects all nursing homes, but especially the private ones.
- Section 1 of the bill requires the Commissioner to convene a stakeholder group and report any recommendations on changing reimbursement policy by the end of the year.
- The Department sets nursing home rates twice a year. In January, nursing homes realized there were going to be devastating reimbursement cuts. The Fiscal Committee transferred \$2 million within DHHS to nursing homes. This was incredibly helpful, but it didn't stop the hemorrhaging.
- Approximately 34 nursing homes, including 10 of our county nursing homes, still ended up with substantial rate cuts on January 1st.
- There are several reasons why we really need to ensure we have a viable nursing home sector, and prevent losing more nursing home beds.
- Medicaid pays for more than 60 percent of nursing home care in New Hampshire. For seniors who meet both the financial and the medical eligibility criteria, nursing home care is an entitlement. Home and community-based care is not.
- If nursing homes, most of which are privately owned, some for profit and some not for profit, cannot cover their costs when losing money from the largest payer for care, they face several choices, all of which have an impact on our health care system and our people. Both of these scenarios will result in patients remaining in hospitals beyond the point where they need a hospital-level of care because there's not a nursing home bed available, and no other safe place to discharge them to. The end result is a financial drain on hospitals who stop getting paid for the care, and a lack of available hospital beds for patients who do need to be there. We've all gotten complaints about patients waiting in ERs or hallways because no bed is available.
- The third result is the worst and the one that for Senator Rosenwald is morally wrong. That's when nursing homes have to cut staff and residents receive less direct care, jeopardizing their already fragile health. This is a movie we've seen before, beginning 15 years ago during the Great Recession. At that time, nursing homes were forced to reduce staffing and the impact on residents was really hard. Someone who needed help to get out of bed or go to the bathroom would ring the call bell and it might be hours before it was answered.
- Section 2 of the bill appropriates \$5 million of General Funds for this fiscal year for the Commissioner to pay out to nursing homes that experienced a rate cut of more than 5 percent on January 1st. It is solely the Commissioner's decision how to divide that money.
- Senator Rosenwald had hoped we could simply adjust rates and get a federal match, but going back to Section 1 of the bill, our rate setting methodology won't allow us to do that. So, it has to be solely General Funds.
- This amount of money will not entirely solve the problem, but it will help.

- Senator Rosenwald was pleased and comforted when the Governor in her State of the State address mentioned she was committed to protecting the vulnerable. We are talking about the oldest and the frailest of Granite Staters, people's spouses, their parents, their grandparents. Surely they are among the most vulnerable. We must do what we can to ensure their safety and well-being.

Brenda Buttrick, Catholic Charities of New Hampshire:

- Ms. Buttrick is the Administrator of the St. Francis Rehabilitation and Nursing Center in Laconia. They are one of the first two nursing homes that Catholic Charities New Hampshire opened in 1948. Today, they are among the seven that it operates.
- Only one of the seven nursing homes operated by Catholic Charities did not take a Medicaid cut on January 1. The cut for St. Francis was just over 9 percent or \$24.43 per resident per day. It was not the worst cut of the Catholic Charities system. And in each case, the cut occurred where costs are rising.
- Obviously, it is hard to recruit and retain good nursing employees. And it certainly costs money to ensure they can make a wage that they can live on and also afford housing. Because of the budget adjustment factor, nursing homes are not paid their full Medicaid rate even when no formal cuts occur. As a result, Catholic Charities loses millions of dollars on nursing home care, which takes resources away from the rest of their nonprofit mission.
- These cuts were severe, as high as over 14 percent at the Ward Health Center in Windham. SB 663-FN-A would provide help for our Catholic Charities' facilities such as St. Francis, Mount Carmel, St. Ann's, St. Vincent de Paul and the Ward Health Center that were all hurt.
- Ms. Buttrick is also a registered nurse and can attest to the quality of care that Catholic Charities provides. However, their mission of serving New Hampshire seniors and nursing homes is jeopardized by the state's current rate system. This bill would require the system be examined for improvements.

Chantal DjaKonan, Rockingham County Nursing Home:

- On January 1st, their Medicaid rates took a daily cut of \$26.43 to their care funding. To put this into perspective, they have roughly 91 Medicaid residents, which is about 64 percent of their total population. The impact to Rockingham County is a cut of about \$67,000 a month for six months until the rates are recalculated.
- Even before this cut, they were experiencing challenges that all nursing homes have, including food costs and wages going up.
- Rockingham County offers their LNAs sign-on bonuses. They have 51 beds offline and maintain a waiting list due to staffing. They still struggle for LNAs to provide the care they are known for, and were the worst impacted nursing home of all of those impacted by the cuts.
- SB 663-FN-A would help Rockingham County by recouping some if not all of the 9.11 percent cut.

Brendan Williams, President/CEO, New Hampshire Health Care Association:

- The Association appreciates the work of the Legislative Fiscal Committee shifting funds that were unspent from the contract that the Legislature had appropriated monies for, to process Medicaid pending claims. That action

reduced the number of nursing homes that were impacted by the January 1 rate cuts from 51 to a number in the 30s. There are still 13 facilities that experienced pretty severe rate cuts in excess of \$10 per resident per day.

- SB 663-FN-A would help those facilities that are most impacted, those facilities that took a cut in excess of 5 percent of what their July 1 rates were.
- To put things into perspective, the legislative appropriation given to nursing homes in the 504 account on July 1 averaged a 2.45 percent increase for nursing homes. Every rate cycle there is always going to be winners and losers. That's a product of the rate methodology, which is really designed on a certain date to measure the medical needs of the residents in a facility. But typically you might see a dozen facilities with their rates go down a bit as a consequence of such rate setting. Instead, we initially saw 51 facilities that were going to get cut. We've now reduced that to a number that's around 33 facilities, still very severe cuts. The average rate increase even with that fund shift on January 1 was 0.01 percent or 2 cents per resident per day.
- With the cost of everything going up, whether it be wages or the cost of feeding the residents, all of these things have gone up and will go up by more than the .01 percent from January 1st to June 30th.
- The good news is that the Legislature will allocate more funds for the next state fiscal year. SB 663-FN-A would provide a bridge to get there for those facilities that are the hardest hit. Among those facilities is Holy Cross Health Care Center, which cares for the Sisters of Holy Cross. They took a cut of \$31 per resident per day, about 12 percent of their care funding. And it's that type of cut that this bill would help address.
- This proposal would also establish a working group to examine the nursing home rate methodology. It has not been examined in at least 10 years, and is overdue.
- New Hampshire has the second oldest population, with one of the four oldest nursing home populations in the country. We saw for the first time in eight years a nursing home close last year. It was a 45-bed, nonprofit facility in North Conway.
- How do we keep our nursing homes going? This bill will move us forward in the right direction.

Malcolm Dean, Maple Leaf Health Care Center, Manchester:

- Malcolm Dean is the Administrator at Maple Leaf Health Care Center in Manchester. They are a 114-bed facility.
- Maple Leaf's cut was a little over 9 percent.
- They are part of Matera Health LLC, which is a newer company. The recent cut affects Maple Leaf in a different way because as a new ownership group, the state gives facilities a statewide average rate for two years when they change ownership, with no extra compensation for actual patient care if your patient care costs exceed the state average.
- Maple Leaf has 70 Medicaid residents, and thus very dependent on Medicaid for their current patient population.
- Expenses continue to increase with reimbursement continuing to decrease.

- The funding in this bill would help Maple Leaf and their other two sister facilities.

Chuck Crush, Salemhaven Nursing Home, Salem:

- Mr. Crush is the Administrator and CEO of Salemhaven Nursing Home in Salem. They are a not-for-profit home and can serve up to 110 residents.
- Their facility took a 2.19 percent Medicaid cut on January 1st amounting to \$5.95 per resident per day. This is not as bad as other facilities but it still hurts.
- Salemhaven's goal is to serve the citizens of Salem and surrounding areas.
- For some time nursing home reimbursement has gone in the wrong direction. Right now, they have \$600,000 in monies owed to them by the State of New Hampshire, which makes cash flow and daily operations quite a challenge.
- SB 663-FN-A would study the shortcomings of our nursing home reimbursement system and methodology. Hopefully, the system would be improved to make it more predictable and sustainable.

Melissa Castor, Alpine Healthcare Center, Keene:

- Ms. Castor is the Administrator at Alpine Healthcare in Keene. She is a native of New Hampshire, and came up through the nursing home facility world, starting out as a social worker, hoping to be able to help the seniors in her community.
- Alpine is one of the largest hit facilities in the state. Right now they face an 11.85 percent reduction equal to \$34.49 per resident per day.
- They are budgeting and working to maintain staff wages, keep resident care needs met, and give the highest medical support to the very complex seniors they have.
- This bill would offer much needed short-term relief to Alpine Healthcare, as well as many other facilities throughout the state absorbing these significant cuts.

Neutral Information Presented:

Henry Lipman, Medicaid Director, Department of Health and Human Services:

- In terms of looking at the rate setting methodology, that is something the Department does not object to in terms of looking at it. Mr. Lipman believes, however, the venue to do so would be the County-State Finance Commission, which is already established in statute. The Commission operates under a public open process and includes the types of individuals spelled out in Section 1 of the bill. Counties do provide substantial funding towards nursing facility rates.
- In terms of the funding aspect of SB 663-FN-A, there are a number of issues that need to be resolved simultaneously. Mr. Lipman believes we should allow more time to pass before attempting to address the resolution of some of these outstanding issues.