



MEMORANDUM

To: Maine EMS Board

From: Melissa Adams, Licensing Agent

Subject: Glenburn Fire Department New Ground-Ambulance Service License Application

Date: November 25, 2024

The Glenburn Fire Department has been licensed by the Board as a non-transporting service at the EMR level and permitted to the EMT level since 2018. The service is applying for a new ground ambulance service license at the EMT level, permitted to the Paramedic level, with a 9-1-1 Primary Service area of Glenburn. However, Northern Light Medical Transport (NLMT) currently serves the town of Glenburn and will continue to be the primary transporting EMS agency. Glenburn Fire Department has proposed to be a supplemental transport service and NLMT has written a letter of support for the Glenburn Fire Department in this application.

Glenburn Fire Department's application is complete pursuant to Board Rules, Chapter 3§5.1.A-D. However, because NLMT is not voluntarily relinquishing the 9-1-1 Primary Service Area, Glenburn Fire Department has provided a letter and a consultant study as required by Ch.3 §5.1.E.2. The consultant study is not written in support of "replacing" or "changing" the authorized ground ambulance service as the Board rules state, but rather, in support of "supplementing" the authorized ground ambulance service.

Board Rule, Ch. 3§5.2.E.2. If the 9-1-1 Primary Response Area is currently served by a licensed ground ambulance service AND if the current ground ambulance service is NOT voluntarily relinquishing that 9-1-1 Primary Response Area, the applicant must provide:

- a. A signed and notarized letter from the geopolitical subdivision(s) within a pre-existing 9-1-1 Primary Response Area who are seeking to replace the authorized ground ambulance service; and*
- b. A Consultancy Report.*
 - i. The applicant must provide a report from a third-party, disinterested consultant, with experience evaluating the efficiency and delivery of emergency medical services that:*
 - 1. Indicates changing ground ambulance services is in the best interest of the residents of the geopolitical subdivision(s);*
 - 2. Acknowledges and defends that the change(s) will maintain and/or improve patient care quality;*



3. *Acknowledges and defends that the change(s) will improve system efficiencies and use of resources; and,*
4. *Acknowledges and defends that the change(s) maintain and/or enhance response efficiencies.*
- ii. *The above report must be dated within sixty (60) business days of the application's acceptance by Maine EMS as complete.*

Issuing the Glenburn Fire Department a transport service with a 9-1-1 Primary Service Area of Glenburn will mean the two (2) transporting services share this area. The 2 agencies have a plan and an agreement for supplemental and non-competing services.

The Board's rules do not specifically limit a 9-1-1 Primary Service Area to one (1) ground transport service or prohibit more than one (1) ground transport service from serving it.

Board Rules, Ch. 3§4.2., states:

The Board shall issue a license with a defined 9-1-1 Primary Response Area when a need is demonstrated based on the following criteria:

- A. *The Board finds the applicant's proposed response time(s), enroute time(s), transport times(s), and the time-tolerance(s) are sufficient to protect the health, welfare, and safety of the public within the 9-1-1 Primary Response Area based on evidence provided;*
- B. *If the 9-1-1 Primary Response Area is currently served by a licensed ground ambulance or non-transporting service, the proposed ties above are maintained or improved;*
- C. *Public comment(s) received;*
- D. *Discipline undertaken by the Board and any Letters of Guidance that have not expired for the ambulance service currently serving the 9-1-1 Primary Response Area;*
- E. *An evaluation of the potential impact upon existing ground ambulance and non-transporting services; and*
- F. *The character of ownership of a proposed service.*

Licensing requests the Board consider and take action to grant, deny, or conditionally grant the transport service license.

Attachments to this MEMO which are not confidential include:

1. NLMT Letter of Support
2. Penobscot RCC Letter of Support
3. Glenburn Town Manager Letter
4. Glenburn Fire Chief Letter
5. Consultancy Report

October 16, 2024

Glenburn Town Office
Attn: Jordan McLaughlin
144 Lakeview Rd
Glenburn, ME 04401

To Whom it May Concern,

The Town of Glenburn and Glenburn Fire have communicated with Northern Light Medical Transport that they have purchased an ambulance and are in the process of licensing the ambulance with Maine EMS for use in Glenburn and the local area. The communication from Glenburn is the ambulance will be used to respond to the area when NLMT is unavailable, and Glenburn can staff the ambulance. Northern Light will remain the primary response entity with support as needed from Glenburn. This letter serves as documented support of this agreement and of the continued collaboration between Glenburn and Northern Light to provide medical care for people of the communities when the need arises.

Sincerely,



Andrea McGraw, BGS CCEMT-P

AVP of Emergency Medical Services

Northern Light Medical Transport



PENOBSCOT COUNTY
REGIONAL COMMUNICATIONS CENTER

Christopher J Lavoie
Director

Bradley B Fitzgerald
Deputy Director

October 4, 2024

Maine EMS
Licensing Agent
152 State House Station
45 Commerce Dr ; Suite 1
Augusta, ME 04333

Dear Licensing Agent,

The Penobscot Regional Communications Center is the sole dispatch agency for Glenburn Fire/Rescue. We provide 24/7 E-9-1-1 and radio dispatching for the Town of Glenburn and surrounding areas. To our knowledge, the Glenburn Fire/ Rescue Department has applied for a transporting license. Glenburn Fire/Rescue has provided a sufficient response plan to us. The response plan is as follows:

1. Glenburn Rescue and NLMT
2. If no response from NLMT – Glenburn Fire and Rescue for Ambulance 229
3. If no response from GFD within 3 minutes – Orono Fire Department
4. If Orono is unavailable – Bangor Fire Department

We support Glenburn Fire/Rescue in pursuing a transporting license.

Respectfully,

A handwritten signature in black ink, appearing to be "CL", with a long, sweeping horizontal line extending to the right.

Christopher Lavoie
Director
Penobscot RCC
207-942-8845
clavoie@penobscot-county.net

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Commissioners: Andre Cushing ~ Peter Baldacci ~ David Marshall

Town of Glenburn

144 LAKEVIEW ROAD
GLENBURN, MAINE 04401

TOWN COUNCIL

CHRISTOPHER GROTTON- CHAIR
MAURICE DAY – DEP. CHAIR
JOHN CARUSO
CHRISTOPHER COOKSON
FRANK ROMA

TOWN MANAGER

DANIEL McCLUNG

TEL: 942-2905

FAX: 990-2953

Date: November 19, 2024

To: Maine Board of Emergency Medical Services

Re: Application to Support Transporting Services

To Whom It May Concern,

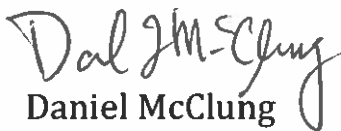
The Glenburn Fire department has applied for a transporting ambulance license as well as an upgrade to our level of service from an EMT to Paramedic level. This will be in conjunction with our contracted services with Northern Lights.

The Glenburn Town Council is in full support of increasing our ability to serve the residents of Glenburn including supplementing our contracted services with a town ambulance service.

It is a very crucial time within our medical response teams, and we feel we could best serve our residents by assisting and help cover some of the high call volume times. Our collaboration with Northern Lights could only benefit the town as well as our mutual aid towns.

As the Town Manager for the Town of Glenburn I hope you will consider and approve this ambulance service and the upgrade in our licensing so we may better serve our communities.

Sincerely,


Daniel McClung
Town Manager

April D. Braley
Notary Public, State of Maine
My Commission Expires March 7, 2027




State of Maine
County of Penobscot, ss

Date: November 19, 2024

Then personally appeared the above named Daniel McClung and acknowledged the foregoing instrument to be his free act in deed.

Before me,

 Exp: March 07, 2027



Jordan McLaughlin
Fire Chief

144 Lakeview Rd
Glenburn, ME 04401
207-942-6118

Andrew Ryder
Deputy Fire Chief

Date: November 1, 2024

To: Maine Board of Emergency Medical Services

Re: Application to Support Transporting Services

Dear Maine EMS Board,

I am writing this letter in addition to the Glenburn Fire Department's application to implement a transporting ambulance to supplement our contracted transporting ambulance service. This application also includes upgrading our current EMS service license from EMT and permits Glenburn Rescue to the Paramedic Level.

The Glenburn Fire Department, with support from Northern Light Medical Transport, is requesting the implementation of a transporting ambulance service to supplement Northern Light Medical Transport and an upgrade of our current EMS license level of EMT and permit to Paramedic. This implementation of services is to supplement the currently overtaxed EMS system. Far too often, our area has increased response times due to inadequate staffing or the volume of available units in our immediate area being overtaxed. This lack of services is trending in a concerning direction.

We have identified this need in collaboration with Andi McGraw at Northern Light Medical Transport.

This service will add one more Transporting unit to the area during unexpected events. If NLMT could not respond to a call, this ambulance would respond and transport the resident seamlessly. This will decrease the burden on the full-time services on two sides of our geographical area. This model also allows the service to provide ALS to the surrounding communities. In those times that NLMT can provide a transporting unit at the BLS level, our medic would have the ability to serve as ALS if needed on the

Our Mission

Through professional and dedicated members, the Glenburn Fire Department protects lives and property of our community through incident response, comprehensive training, and fire prevention.



Jordan McLaughlin
Fire Chief

144 Lakeview Rd
Glenburn, ME 04401
207-942-6118

Andrew Ryder
Deputy Fire Chief

call, allowing for a quicker Medic to Patient time and no need to try to locate a Medic from another area to respond for intercept.

The Glenburn Fire Department will continue to provide a 24/7 first response system supporting NLMT with our Per-Diem staffing model. In addition to the first response, during multiple calls, inadequate staffing levels, and ALS needs, the Department will rely on this New Transportation unit and utilize in-house Paramedics.

While this application will fulfill the current needs in Glenburn, relations are building with area departments also served by NLMT. These conversations project ideas and plans to fit within a 1–5-year timeframe. Regionalizing services is the topic, guided by EMS staffing and available services. These conversations will continue, and we will discuss the successes and failures to identify the needs in our area as a group. This group is committed to quality service in this region and will continue to move forward and find better solutions to the ongoing issues on the front lines.

I want to personally thank the Maine EMS Board for reviewing this application.

Respectfully,

Glenburn Fire Chief

Jordan McLaughlin

Our Mission

Through professional and dedicated members, the Glenburn Fire Department protects lives and property of our community through incident response, comprehensive training, and fire prevention.

Consultancy Report for Glenburn Fire Department Transporting Ambulance Service

I. Introduction

Purpose of the Report

This report evaluates the necessity and benefits of adding a **transporting ambulance service** to the **Glenburn Fire Department (GFD)** to supplement the current ambulance service provided by **Northern Light Medical Transport (NLMT)**. The proposal responds to recent changes in NLMT's service structure, financial challenges, and response performance, as well as Glenburn's operational readiness. This report assesses the existing EMS coverage in Glenburn, compares response times, reviews the current staffing model, and highlights the benefits of a local transporting ambulance service.

Overview of Current EMS Service

Glenburn is currently served by **NLMT** for most emergency transports, with the **Glenburn Fire Department** providing first-response services. However, gaps in coverage have emerged due to increasing reliance on mutual aid and recent changes in **Northern Light Mayo Hospital EMS** services. Additionally, NLMT's financial instability introduces uncertainty into the system. The Glenburn Fire Department already has proven **faster response times** and a flexible staffing model that can support the addition of a transporting ambulance.

II. EMS System Analysis

A. Response Times Comparison

Glenburn Fire First Responders:

- **Average response time:** 11.3 minutes
- **90th percentile response time:** 17.7 minutes

Northern Light Medical Transport:

- **Average response time:** 12 minutes
- **90th percentile response time:** 23 minutes

Glenburn Fire Department has demonstrated **faster response times** than NLMT, particularly for high-priority emergencies (Charlie, Delta, and Echo responses). The current model, which uses a **non-transporting first-response vehicle**, allows Glenburn to reach emergency scenes quickly, but patients must still wait for NLMT or mutual aid services for transport. Delays in NLMT's response times and reliance on mutual aid contribute to overall inefficiencies in patient transport.

Key Finding: Adding a **transporting ambulance service** to Glenburn Fire Department will further reduce these delays, allowing patients to be transported more quickly and directly to definitive care, improving patient outcomes.

B. Mutual Aid Dependency

NLMT currently relies on mutual aid for approximately **10.3%** of emergency transports in Glenburn. However, the recent closure of **Northern Light Mayo Hospital EMS's Corinth base**, which had previously provided 4% of transports, has increased the travel time for Mayo EMS to over **30 minutes**, making it an unreliable mutual aid partner for timely response. Other mutual aid providers, such as Bangor Fire Department and other regional departments, are also limited by their own geographic distance and resource availability.

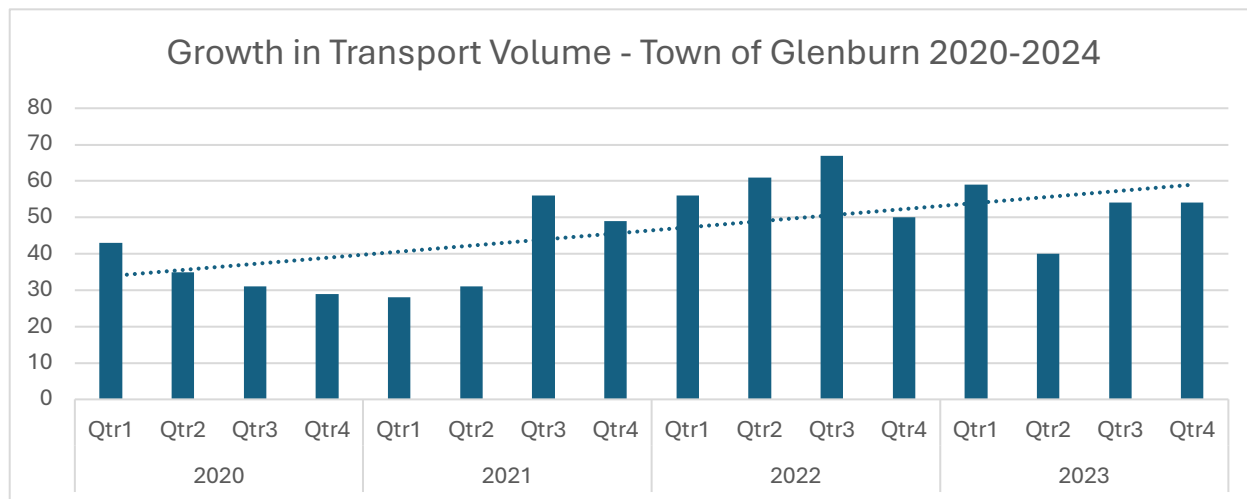
Table 1 Town of Glenburn - Emergent responses with Transport

	2020		2021		2022		2023		2020-2023	
Transporting Agency	Transports	%	Transports	%	Transports	%	Transports	%	Transports	%
Northern Light Medical Transport	125	89.9%	139	84.8%	216	91.5%	189	91.3%	669	89.7%
Northern Light Mayo Hospital	1	0.7%	10	6.1%	13	5.5%	6	2.9%	30	4.0%
Bangor Fire Department	9	6.5%	8	4.9%	4	1.7%	4	1.9%	25	3.4%
Orono Fire - Rescue		0.0%		0.0%	2	0.8%	5	2.4%	7	0.9%
G & H Ambulance Service	1	0.7%	3	1.8%	1	0.4%	1	0.5%	6	0.8%
Old Town Fire Dept		0.0%	4	2.4%		0.0%	1	0.5%	5	0.7%
Hermon Volunteer Rescue	2	1.4%		0.0%		0.0%		0.0%	2	0.3%
Levant Fire Department	1	0.7%		0.0%		0.0%	1	0.5%	2	0.3%
Grand Total	139	100.0%	164	100%	236	100%	207	100.0%	746	100.0%

Growth of Transport Volume

An analysis of call volume from 2020 to 2023 indicates a steady growth in EMS transport volume. While this increase in demand may not be striking, it does reflect a consistent upward trend that underscores the need for continued reliable EMS services for the town. As Glenburn's population and service demands gradually rise, ensuring that the community has immediate and reliable access to emergency medical transport becomes critical. The addition of a transporting ambulance will not only address current needs but also position Glenburn to effectively manage future increases in call volume, ensuring the town's EMS infrastructure remains robust and capable of meeting growing demands.

Table 2 Transport Volume



Key Finding: The reliance on mutual aid, particularly as the availability of services from Mayo EMS diminishes, highlights the importance of establishing a **local transporting ambulance**. Glenburn Fire can reduce dependency on external providers, ensuring faster, more reliable service to residents.

III. Financial and Operational Context

A. Changes in NLMT's Financial Model

In a letter dated **June 25, 2024**, **Northern Light Medical Transport** informed local towns that it would no longer maintain the current reimbursement-based contract for first responder services, citing **financial instability** due to low reimbursement rates and rising costs. Instead, NLMT is proposing a **per capita fee structure** to continue services, which may lead to higher costs for towns like Glenburn. Additionally, NLMT's operational strain from staffing shortages could further impact service reliability and response times.

Key Finding: Establishing a **Glenburn-based ambulance service** would offer the town **financial control** and reduce reliance on NLMT, avoiding the uncertainty of future fee increases and potential service disruptions caused by NLMT's financial challenges.

B. Current Response Plan and Staffing Model

Glenburn Fire Department operates a **non-transporting rescue unit** with a **Tahoe** vehicle used for first response. The staffing model is split into **day and night shifts**:

- **08:00 – 20:00 (Day Shift):**
One EMS provider is **stationed at the firehouse** and responds directly to emergency calls from the station.

- **20:00 – 08:00 (Night Shift):**
One EMS provider is **on-call from home** and responds directly to the scene, receiving a stipend and **two-hour minimum call-out pay**.

Glenburn's **current staff includes:**

- **Drivers:** 22 (Fire and EMS personnel with AVOC/EVOC certification)
- **EMTs:** 9
- **AEMTs:** 1
- **Paramedics:** 6
- **Additional 2 EMTs and 1 Paramedic in onboarding process.**

The **current staffing model** efficiently handles first-response duties, with flexibility for providers to respond from home during night shifts. This model supports **per diem providers**, ensuring consistent coverage without needing full-time staffing for every shift. Glenburn Fire currently uses a **2024 Tahoe** for non-transporting response, but the department is prepared to integrate a transporting ambulance into its system once licensed.

Key Finding: Glenburn Fire Department's existing staffing levels are sufficient to support the **initial implementation of a transporting ambulance service**, without requiring additional full-time personnel. The **night shift on-call model** will continue until **living quarters** are completed, expected by the first of next year. This flexible, cost-effective model positions Glenburn to **seamlessly transition** to a transporting service.

C. Planned Staffing for Transporting Ambulance

Once the transporting ambulance is licensed, the response model will remain largely the same. If NLMT is unavailable, Glenburn Fire will tone out a driver or firefighter and staff the transporting ambulance appropriately. The **long-term staffing plan** includes:

- Retaining a **BLS (Basic Life Support)** or **Advanced provider** on the ambulance.
- Keeping the **non-transporting rescue unit** available for **ALS intercepts**, allowing paramedics to support both local operations and **mutual aid calls** for surrounding communities.

The focus will be on **building confidence and experience** among EMTs and AEMTs while **leveraging paramedics** when needed for ALS calls. This model ensures that **lower-license-level personnel** gain valuable experience under the supervision of higher-skilled providers, fostering long-term growth and sustainability.

Key Finding: Glenburn Fire's existing personnel and flexible staffing model can support the **transporting ambulance** without immediate additional hiring. As the system evolves, staffing may expand, but the current structure provides a strong foundation for successful implementation.

IV. Benefits of a Glenburn Fire Department Transporting Ambulance Service

A. Improved Response Times

The transporting ambulance will **reduce waiting times** for NLMT or mutual aid ambulances, particularly when those services are delayed or unavailable. This will significantly improve response times for **patient transport**, ensuring that Glenburn residents receive timely care in critical situations.

B. Greater System Efficiency and Resource Use

Adding a transporting ambulance will:

- **Reduce mutual aid dependency**, ensuring Glenburn residents are prioritized for local services.
 - Free up NLMT and other mutual aid providers to focus on their own communities, reducing strain on the regional system.
 - **Optimize resource use** by allowing Glenburn to manage its EMS services locally, improving response efficiency.
-

C. Cost Considerations

Glenburn's current staffing model, combined with its plans to introduce a transporting ambulance, will allow the town to avoid **future cost increases** tied to NLMT's new per capita fee structure. The **flexibility** of the current system means that Glenburn can continue to operate efficiently, without needing to increase staffing significantly.

V. Conclusion

The analysis of response times, mutual aid reliance, and financial factors shows that Glenburn Fire Department is well-positioned to implement a **transporting ambulance service**. The existing staffing model is flexible and robust enough to support this transition without requiring additional full-time hires, ensuring that Glenburn can maintain high-quality emergency medical services for its residents.

By adding a **transporting ambulance**, Glenburn Fire will:

- **Improve response times**, particularly for critical patient transports.
- Reduce **reliance on external providers** like NLMT and mutual aid services.
- Ensure **cost-effective** and reliable EMS operations for the town.

It is recommended that Glenburn proceed with the licensure and implementation of a transporting ambulance service, leveraging its current resources to enhance community safety

and service efficiency.

Future Vision: Municipal-Based Regional Ambulance Service

The addition of a transporting ambulance to the Glenburn Fire Department represents not only a critical improvement to local emergency medical services but also a strategic first step toward a **municipal-based regional ambulance service**. Should **Northern Light Medical Transport** continue to face financial or operational challenges that render it a **nonviable** or **unsustainable** option, Glenburn's investment in its own transporting ambulance will position the town to expand its EMS capabilities and potentially provide services to surrounding communities. **Glenburn's central location** makes it an ideal hub for a regional partnership with neighboring towns such as **Corinth, Hudson, Levant, Kenduskeag, and Hermon**, ensuring these communities also benefit from reliable and locally controlled emergency services. This proactive approach will ensure that Glenburn and the region remain protected by a dependable ambulance service, prepared to meet growing demands and address any further gaps in coverage. By preparing for this potential transition, Glenburn Fire Department is not only enhancing its current EMS operations but also safeguarding the long-term sustainability of emergency medical services for the broader region.

Consultant's Role in Preparing this Report

This report has been prepared by Charles McMahan, MBA, Paramedic, an independent third-party consultant with 40 years of experience in Emergency Medical Services (EMS) at all levels. Mr. McMahan holds an MBA in Management and Finance and has held several prominent positions in the EMS field, including Chief Operating Officer of Capital Ambulance in Bangor, Maine, and Regional Operations Manager of Northern Light Medical Transport. He has also served as the Chief of Orono Volunteer Rescue Squad and the Director of MedComm Dispatch and Billing Operations for Meridian Mobile Health and LifeFlight of Maine. With extensive expertise in both operations management and financial oversight, Mr. McMahan is well-versed in evaluating the efficiency and sustainability of EMS systems. His deep understanding of the regional EMS landscape has informed this report's analysis of Glenburn's current and future EMS needs. The recommendations provided are based on a thorough assessment of response times, staffing models, financial considerations, and regional partnerships, ensuring that the proposed transporting ambulance service is both viable and beneficial to Glenburn and surrounding communities.

Appendices

1. **Letter from Northern Light Medical Transport (June 25, 2024)**
2. **Piscataquis Observer Article, What's Going on at Northern Light Health, August 13, 2024**
3. **Bangor Daily News Article, Northern Light shocks Penobscot towns with bills for ambulance service**
4. **Moody's Rating Announcement, Moody's Ratings downgrades Northern Light Health (ME) to Ba3; ratings under review for further downgrade October 08, 2024 -- Moody's Ratings (Moody's)**

VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED

June 25, 2024

Dear Dedham Town Manager,

As the nation continues to recover from the COVID-19 pandemic, Northern Light Medical Transport too is feeling the immense pressure of a tight labor market and higher costs for goods and services. Caring for Maine people is at the heart of all we do, and to ensure a strong future where we can serve our communities for generations to come, we are faced with having to make some difficult changes.

Our current contractual arrangement involves your town sending an invoice to Northern Light Medical Transport for each emergency in which a first responder arrived on scene. This arrangement was a neighborly way of doing business, but it is unfortunately not financially sustainable. We understand this is not welcome news, however, reimbursement for emergency medical services across the nation is at an all-time low and, similar to other emergency medical services, Northern Light Transport is no longer able to feasibly support that configuration.

On September 30, 2024, the contract between Northern Light Medical Transport and the Town of Dedham is scheduled to automatically renew. Please accept this as notice that we will not be renewing the contract at that time. We would like to negotiate a new contract including a per capita fee structure prepared in its place so that we may continue to best serve your town.

Northern Light Medical Transport has a proud history of providing care to the citizens of your town in both emergent and non-emergent care and by providing transportation to a secondary location or to home. We fully intend to continue to provide 911 services to your community, as well as continued medical transport of the members of your community when the need arises under our new contract.

We would like to arrange an in-person meeting to discuss our future partnership. Please reach out to Andrea McGraw or Kevin Fogarty to set up a time to meet.

We look forward to hearing from you.
Very truly yours,



Andrea McGraw



Kevin Fogarty

Dedham
pop 1648
\$17
per capita
\$28,016



What is going on at Northern Light?

Staff, Piscataquis Observer • August 13, 2024

By Kathleen O'Brien, Bangor Daily News Staff

Instability caused by the pandemic continues to force one of Maine's largest health care providers to scale back or cut services — and there are likely more “painful” changes on the horizon.

Northern Light Health has been clawing out of a financial deficit inflicted by the pandemic that crippled major health care networks across the country. Those financial losses came in tandem with sizable staffing shortages and supply chain disruptions.

BDN BANGOR DAILY NEWS



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7 1/2 FISHER EZ VPLOW!!



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Northern Light shocks Penobscot towns with bills for ambulance service

by **Marie Weidmayer**
August 6, 2024

An unexpected change from Northern Light Health threatens to leave multiple rural Penobscot County towns without their long-standing ambulance service unless they can come up with tens of thousands of dollars on short notice.

Seven towns will have to pay Northern Light Health for ambulance services — a change the towns said they didn't expect — while insurance and patients also continue paying the health care giant.

MOODY'S

RATINGS

Rating Action: Moody's Ratings downgrades Northern Light Health (ME) to Ba3; ratings under review for further downgrade

08 Oct 2024

New York, October 08, 2024 -- Moody's Ratings (Moody's) has downgraded Northern Light Health's (NLH) (ME) revenue bonds ratings to Ba3 from Ba2. The ratings are under review for further downgrade. Previously, the outlook was stable. NLH had approximately \$620 million of debt outstanding at September 30, 2024.

The downgrade of NLH's rating to Ba3 reflects inability to stabilize liquidity, use of short-term bank lines, and ongoing cash flow losses. Persistent labor and capacity challenges elevate social risk related to human capital. Inability to meet budget targets and reliance on bank lines contribute to high governance risk related to financial strategy and track record. These social and governance risks are key drivers of the downgrade.

The rating is under review for further downgrade as we assess the risk of additional liquidity drains and cashflow losses, as well as risks related to line of credit renewals currently under negotiation.

RATINGS RATIONALE

The Ba3 rating is supported by NLH's dominant market position over a broad geography and limited competition. Operating performance remains poor with limited improvement expected in early fiscal 2025 as a result of ongoing labor pressures and other challenges reducing expenses. Weak cash of 50-60 days is likely to decline further because of cashflow losses and if NLH is required to repay bank line draws and/or a large advance from Optum. There is a high degree of risk related to the outcome of ongoing negotiations with banks given two out of three bank lines have expired and there will be covenant breaches at FYE 2024. Labor costs are particularly challenging at NLH's rural locations and the flagship, where continued agency usage and wage increases for union nurses have driven up expenses. Also, the ongoing shift to Medicare Advantage plans will constrain revenue. Favorably, NLH has identified opportunities for performance improvement in fiscal 2025, including potential savings