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STATE OF MAINE
ONE HUNDRED AND TWENTY-NINTH LEGISLATURE
COMMITTEE ON HEALTH AND HUMAN SERVICES

MEMORANDUM

TO: Senator Catherine Breen, Senate Chair
Representative Drew Gattine, House Chair
Joint Standing Committee on Appropriations and Financial Affairs

FROM: Senator Geoffrey M. Gratwick, Senate Chair
Representative Patricia Hymanson, House Chair
Joint Standing Committee on Health and Human Services

DATE: April 4, 2019

SUBJECT: LD 1001: An Act Making Unified Appropriations and Allocations for the Expenditures of State Government, General Fund and Other Funds, and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2019, June 30, 2020 and June 30, 2021

The Health and Human Services Committee is pleased to provide its recommendations on LD 1001, the biennial budget bill. Committee votes are contained in the attached spreadsheets. Most votes shown on the attached sheet are unanimous. This memo is to summarize some of the information contained in the spreadsheets and to provide additional information and reasoning on some initiatives with amendments or divided reports.

Unanimous votes on amendments to budget proposals

Hospitals (lines 297-300; Part EEE)

The Committee voted unanimously of those present (12-0) to amend the provisions affecting the hospitals in lines 297-300 and language Part EEE. The Committee is concerned that hospitals are already operating at a loss and the proposals in the Governor's budget will place undue stress on an already troubled system. Hospitals, particularly in rural areas, are enormously important to the communities both in terms of population health and economically, and they are almost all struggling to survive.

The Committee agreed to rebasing the hospital base tax year from fiscal year 2013-14 to fiscal year 2015-16 (lines 299-300) but amended the language in Part EEE that would have rebased the hospital taxable year automatically each biennium. The proposed amended language is below. The Committee is concerned that an automatic rebasing would become part of the baseline. In

contrast, an initiative in a new budget means that attention is focused on the issue anew by each new Committee and Legislature prompting a necessary focus on the financial stability of the hospitals.

Part EEE amended language:

For state fiscal years beginning on or after July 1, 2019, for the biennium beginning on July 1, 2019, the hospital's taxable year is the hospital's fiscal year that ended during calendar year 2016.

In addition, the Committee voted to increase the supplemental payments to the hospitals in lines 297-298 to the following amounts:

GF portion for both FY20 and FY21: \$4,592,326

Federal match for FY20 and FY21: \$8,157,054

The Committee's amendments to these lines result in a savings to the state of \$8,687,545 in General Funds rather than more than \$9 million in the proposed budget. The hospitals would still be required to pay more in hospital taxes than they receive from supplemental payments but this amount spread out over all the hospitals would be less damaging to the hospitals.

FMAP for CHIP (lines 295-296)

The Committee voted in lines 295-296 with the understanding that the Department of Health and Human Services will be revising these numbers to reflect accurate amounts.

Divided votes on budget proposals

Lead inspection limited positions (lines 238-240)

The Committee voted unanimously to continue the five limited period positions for lead inspections funded by the Fund for a Healthy Maine in line 234. However, the Committee disagreed on the additional limited period positions on lines 238-240. 10 members of the Committee voted to approve the request, as proposed, for these additional six positions funded by General Funds, Federal block grant funds and Fund for a Healthy Maine for environmental lead inspection services and associated laboratory costs and two members of the Committee opposed.

Medicare Savings Program and Drugs for the Elderly (lines 280-281, 329; Parts ZZ and BBB)

The Committee divided on the proposals in the budget that make changes to the Medicare Savings Program and the Drugs for the Elderly program. Six members of the Committee voted to approve the proposals as presented in lines 280-281 and 329, as well as the language in Parts ZZ and BBB. Four members of the Committee opposed the proposals.

Increased rates for methadone clinics (lines 322-324)

The Committee divided on the proposals in the budget that increase the rates of reimbursement to methadone clinics. Eight members of the Committee voted to approve the proposals as presented in lines 322-324. Three members of the Committee opposed the proposals.

Medicaid expansion (lines 278-279, 245-246; Part BBBB)

The Committee divided on the proposals in the budget that fund Medicaid expansion. Nine members of the Committee voted to approve the proposals on lines 278-279 that provide

additional funding for the increase in MaineCare claims related to expansion. Three members of the Committee opposed these lines.

The Medicaid expansion proposals in the budget include a one-time transfer of \$29 million from the Fund for a Healthy Maine to the MaineCare Stabilization Fund (lines 245-246 and Part BBBB). Seven members of the Committee voted to approve this proposal with two amendments: (1) Reduce the amount of transfer from \$29 million to \$28 million to allow for a cushion in the Fund for a Healthy Maine and (2) Correct the transfer date to June 30th 2020 (the original proposal is incorrectly written as 2019). Five members of the Committee opposed the transfer from the Fund for a Healthy Maine to the MaineCare Stabilization Fund.

Temporary Assistance for Needy Families (Part CCC)

The Committee divided on the proposal to repeal statutory provisions that allow assistance to applicants and recipients to be denied based on a positive drug test. Seven members of the Committee voted to approve the proposals as presented in Part CCC. Three members of the Committee opposed the proposals.

Committee members are prepared to discuss this report with you. Thank you for your consideration.

cc: Health and Human Services Committee members
Commissioner Jeanne M. Lambrew, Department of Health and Human Services
Molly Bogart, Government Relations Director, Department of Health and Human Services
Maureen Dawson, OFPR
Luke Lazure, OFPR
Anna Broome, OPLA
Erin Dooling, OPLA