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**Testimony of Commissioner Jeanne M. Lambrew, PhD
Department of Health and Human Services**

Before the Joint Standing Committees on
Appropriations and Financial Affairs and Health and Human Services

In Support of LD 206, An Act Making Supplemental 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 Year Ending June 30, 2023

January 26, 2023

Good afternoon, Senator Rotundo, Representative Sachs, and honorable members of the Joint Standing Committee on Appropriations and Financial Affairs, and senator Baldacci, Representative Meyer, and honorable members of the Health and Human Services. I am Jeanne Lambrew, Commissioner of the Department of Health and Human Services. Thank you for the opportunity to present the fiscal year 2023 supplemental budget requests related to programs at DHHS.

Although covering **pages A-23 through A-28**, there are four initiatives for the Department of Health and Human Services.

The first initiative involves multiple appropriations including the **Developmental Services Waiver – MaineCare (Z211)** and reappears in the **Developmental Services Waiver – Supports (Z212)**, the **Medicaid Services – Developmental Services (Z210)**, all on **page A-23**, the **Medicaid Waiver for Brain Injury Residential/Community Services (Z218)**, the **Medicaid Waiver for Other Related Conditions (Z217)**, both on **page A-24**, the **Medical Care – Payments to Providers (0147)** on **page A-25**, the **Mental Health Services – Child Medicaid (Z207)**, the **Mental Health Services – Community Medicaid (Z201)**, both on **page A-26**, the **Nursing Facilities (0148)**, the **Office of Substance Abuse & Mental Health Services – Medicaid Seed (Z202)**, both on **page A-27**, and the **Traumatic Brain Injury Seed (Z214)** on **page A-28**. This initiative represents the impact of enhanced Federal Medical Assistance Percentage (FMAP) rate that has been in effect from the start of the federally declared COVID-19 Public Health Emergency. This 5-percentage point increase is authorized by the Consolidated Appropriations Act of 2023 for the 4th quarter of state fiscal year 2022-23. The impact of the additional federal funding is a total General Fund savings of \$42,267,021, Fund for a Healthy Maine savings of \$1,116,816, and an increase to the Federal Expenditures Fund and Federal Block Grant Fund allocations of \$43,383,837. The net impact to the Medicaid program is \$0. This proposal does not have any effect on MaineCare eligibility, services, or rates.

The second initiative is on **page A-23**, in the **General Assistance – Reimbursement to Cities & Towns (0130)** program. This initiative provides \$5,029,408 in one-time funding in order to meet projected obligations in the General Assistance program. Expenditures for General Assistance have increased significantly since fiscal year 2019, and are likely, at the current projection, to exceed existing appropriations in this fiscal year. A primary cost driver for the increased costs is the strain of inflation and high housing costs and the need to use hotels to prevent COVID-19 spread in shelters during the pandemic. Federal funding offsets some of these costs, but there is significant uncertainty and volatility related to this program. Additionally, Public Law 2019, chapter 515, updated eligibility for emergency General Assistance to include any person who is otherwise eligible and experiencing or facing homelessness. This removes spending limitations if additional funds are needed to address homelessness. Funding was not provided when Public Law 2019, chapter 515 was enacted.

Moving on to **page A-25**, the two remaining initiatives are in the **Medical Care – Payments to Providers (0147)** program. At the top of the page, and also on **page A-27** in the **Nursing Facilities (0148)** program, is an initiative to provide funding for a one-time COVID-19 supplemental payment of \$25 million in all funds (\$6,161,154 General Funds) to long-term care providers related to COVID-19 and higher than expected inflation. Due to the pandemic, long-term care providers experienced reduced occupancy combined with higher costs which persist. This funding doubles the \$25 million supplemental payment provided to these facilities in August 2022, pursuant to Public Law 2021, chapter 635, and is intended to cover costs spanning fiscal year 2022-23 and fiscal year 2023-24 to facilitate recovery as the Department works with stakeholders on reforms to nursing facility payments for state fiscal year 2025 as proposed in the biennial budget.

The last initiative on **page A-25** funds a similar \$25 million supplemental payment in all funds (\$5,748,271 General Funds) for hospitals. Due to the pandemic, hospitals' costs have significantly increased. This funding would double the \$25 million supplemental payment provided in October 2022 pursuant to Public Law 2021, chapter 635, and is intended to cover costs spanning fiscal year 2022-23 and fiscal year 2023-24 as the Department works with stakeholders on reforms to hospital payments planned to start in calendar year 2024 as proposed in the biennial budget.

There are three pieces of language that are related to DHHS:

Part E, on **page 4**, clarifies that the Winter Energy Relief Payment authorized in Public Law 2023, chapter 1 will not be included as income or a resource when determining an application for the municipal general assistance program, consistent with the Pandemic Relief Payment.

Parts M and **N**, on **page 7**, lapse unencumbered balances from the Medical Care Services – Payments to Providers, General Fund account (\$10,777,679) and the Nursing Facility, General Fund account (\$6,161,154). These amounts represent unspent funds from prior years. The amounts lapsed align to the General Funds needed for the Supplemental Payments identified in Part A of this bill.

Thank you for the opportunity to testify to you today. I am happy to take your questions, and our team will be available for a work session on these requests with the Health and Human Services Committee.