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Governor

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Commissioner



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February 7, 2023

Senator Joseph Baldacci, Chair
Representative Michele Meyer, Chair
Members, Joint Standing Committee on Health and Human Services
100 State House Station
Augusta, ME 04333-0100

Re: LD 251 – Resolve, to Classify Employee Health Insurance as a Fixed Cost for MaineCare Reimbursement in Nursing Facilities

Senator Baldacci, Representative Meyer, and Members of the Joint Standing Committee on Health and Human Services:

This letter is in opposition to LD 251, *Resolve, to Classify Employee Health Insurance as a Fixed Cost for MaineCare Reimbursement in Nursing Facilities*. This bill requires the department to amend the MaineCare Benefits Manual to move health insurance costs for personnel from direct care routine cost components to fixed costs components.

The Department opposes this bill as it introduces changes to current rate reimbursement methodology at a time when rate reform is underway for this service, undermining the rate reform process and principles established last year in P.L. 2021, ch 639, which was passed in the last legislature as LD 1867, *An Act to Codify MaineCare Rate System Reform*. The intent behind that bill was to establish “... a rate-setting system for the development and maintenance of MaineCare payment models ... to be consistent with efficiency, economy, and quality of care; that are adequate to support MaineCare member access to services; and that are equitable and data-driven.” The change proposed in this legislation does not appear rational, as health insurance costs are variable, not fixed costs, for which it is best practice for employers to shop around to ensure good value for their employees and organization.

The Department acknowledges the many challenges with the current nursing facility reimbursement system, which is why it is prioritizing rate reform for MaineCare Benefits Manual, Chapter III, Section 67, *Principles of Reimbursement for Nursing Facilities*, with a planned implementation date of January 1, 2025. The Department does not have the capacity to continue to devote resources to manipulating the current flawed model.

We wanted you to be aware of the above information as you consider this bill going forward. If you have any further questions, please feel free to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Michelle Probert".

Michelle Probert
Director
MaineCare Services