

**Home Care & Hospice Alliance of Maine Testimony on LD 210, the Governor's
proposed Biennial Budget**

February 12, 2025

Senator Rotundo, Representative Gattine, Senator Ingwersen, Representative Meyer, and members of the Appropriations & Financial Affairs Committee and Health & Human Services Committee:

My name is Sara Ratcliffe, and I serve as Executive Director of the Home Care and Hospice Alliance of Maine. The Alliance is submitting testimony in opposition to LD 210, the Governor's Biennial Budget proposal.

The Home Care and Hospice Alliance of Maine is a network of home care, hospice, and personal care providers across our State delivering in-home care to older adults and disabled individuals of all ages, allowing them to stay in their homes and communities.

While the Alliance recognizes that this was a difficult budget for the Administration to craft, we are deeply concerned about several issues in this proposal, specifically the lack of funding for MaineCare rate increases and cost-of-living adjustments and the proposed cut to the hospice rate.

Rates for Home & Community Based Services:

While we appreciate the proposed \$122 million investment per year to stabilize the MaineCare program and cover current service levels, we are deeply troubled that this budget proposal does not contain any funding for MaineCare rate increases for home care services.

Providers of home care services have been vocal about the need for MaineCare rate increases for many years, especially for clinical services such as nursing. These services are a critical part of the healthcare continuum. Currently there are thousands of hours of unmet nursing care in the home care sector each month, and this is directly tied to inadequate reimbursement rates.

The Home Care & Hospice Alliance of Maine worked on legislation to raise rates during the 129th and 130th legislative sessions, but funding was not appropriated. During the 130th session, the Legislature worked with DHHS to enact a standard process for rate setting. Since that time, providers of home care services have been patiently awaiting their turn in the queue for a rate determination process. DHHS began the process of examining rates for home and community based services in 2024. According to DHHS, this rate determination process is scheduled to be completed in April of this year,

however no funding was included in this budget to cover rate increases for these services.

Current wages for nurses in home care have fallen drastically behind market rates due to low MaineCare reimbursement rates. Current reimbursement rates for these services are based off a 2016 rate study, which utilized data from 2012-2014. Utilizing data from 2012 to reimburse for services in 2025 is completely inadequate and has led to severe workforce shortages and care deserts across the state.

In fact, in testimony on the Alliance's 2021 bill to address this issue, DHHS acknowledged the insufficient rates for these services, stating that, "...Section 19 and 96 nursing rates are low and in need of an update, averaging only 52% of the comparison rate."

Home care agencies can't compete with other providers to hire enough nurses. For many of our member agencies, the patients they serve are almost entirely MaineCare patients. There are no other payers that can help pick up the slack from inadequate MaineCare rates. The result is that many patients are receiving far fewer hours of nursing services than what they need and are approved for. Others simply are not admitted to home care services due to the lack of staffing. Patients are having to leave their homes and go into hospitals and nursing homes because of the lack of nursing services – which is directly tied to low reimbursement rates.

Home care is a critical part of Maine's health care continuum. By caring for people at home, we keep them out of more costly settings like hospitals and nursing homes. The patients cared for in home-based settings are our most vulnerable – children with complex medical needs and older Mainers in need of care at home.

We urge you to include funding for MaineCare rate increases for home care services in this biennial budget.

MaineCare COLA adjustments for FY26-27:

According to current statute, DHHS was required to implement a cost-of-living adjustment for MaineCare services in January, but unfortunately these COLAs were not put into place. After years of stagnant rates, annual COLAs have been nothing short of a lifeline for Alliance members, their workforce, and the patients they care for. Many of our members crafted their annual budgets based on the knowledge that they would receive these COLA increases in January. Now they are left with significant deficits with no recourse for balancing their budgets.

In addition, this budget proposes changes to the MaineCare rate reform statutory language to stipulate that rate adjustments and COLAs are subject to available

appropriations. We are concerned about the precedent this would set. What is the point of having a standardized rate setting process, if the determined rates are not actually implemented? There are always a multitude of competing priorities in the State budget and many other ways we could use our limited resources. However, if we have determined that setting and paying adequate rates for MaineCare services is a priority for our State, we should not enact language that opens such a gaping loophole for following through on that responsibility.

We urge you to seriously consider the need for this language change and the consequences it would lead to. In addition, we urge you to include funding for MaineCare COLAs in the biennial budget. While we understand that COLAs cannot be implemented retroactively, the department could act to implement the increases as soon as this budget passes.

Hospice rate change:

The budget proposal includes a funding cut to reflect rate changes for MaineCare Section 43, Hospice Services. The department is proposing cutting the hospice rate from 123% to 100% of the Medicare rate. Hospice providers were not expecting this cut and are concerned with the impact this cut would have on service delivery across the State.

We are also concerned that the department is proposing this change outside of the rate setting process laid out in statute. According to the department's proposed schedule for rate determinations, they are planning to initiate a rate determination process for MaineCare Section 43 in calendar year 2025. Instead of following the process laid out in statute and undertaking this rate determination first, the department is instead proposing a rate cut for hospice services in this budget without a comprehensive look at the rate or any feedback from providers. This appears to run completely counter to statutory requirements for rate setting.

In 2001, the legislature passed a law directing MaineCare to establish a hospice benefit and directed the department to establish reimbursement at the Medicare rate plus 23%. There was clear intent to reimburse hospice care at a level to cover the cost of providing care. Individuals accessing MaineCare hospice services are younger than Medicare beneficiaries with ages ranging from children to young adults. Younger individuals facing an end of life diagnosis often seek more aggressive care options to extend their life and palliative services to manage symptoms. Care for the family is also more complex as patients may be the parents of children or the patient may in fact be the child. End of life care for this population is different than caring for elderly individuals seeking comfort care at end of life.

Our understanding of caring for the MaineCare population at the end of life has proven to be accurate with MaineCare hospice patients accessing care at the very end of life when the intensity of hospice care is significant – nursing care, complex pharmaceutical management for pain and anxiety, medical equipment in the home and intensive social work support to help the family navigate the pending death. All of this care is provided in a short period, sometimes just a few days or a week. This is why the legislature set a clear expectation that MaineCare reimbursement for hospice care needed to be higher than Medicare hospice rates of payment.

Thank you,

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