Testimony for the AFA/HHS Legislative Committee FY26-FY27 Budget Hearings
Date: February 24th, 2025 (rescheduled from February 13th, 2025)
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LD 210: *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, 2025, June 30, 2026, and June 30, 2027*

Good afternoon, Senator Rotundo, Senator Ingwersen, Representative Gattine, Representative Meyer, and esteemed Appropriations and Financial Affairs and Health and Human Services Committee members,

I am Catherine Thibedeau, Executive Director of Independence Advocates of Maine. Thank you for allowing me to share my testimony today. I urge you to reject the MaineCare Rate Setting System amendments as proposed in Section UU and restore funding annual COLAs along with the rate adjustments from pending MaineCare rate determinations. Independence Advocates of Maine (IAM) provides essential support and services to individuals with disabilities through MaineCare sections 21, 29, and 50. Our services include Intermediate Care Facilities, community supports, shared living, employment services, enabling technology, and group homes. These are vital for maintaining the dignity, health, safety, and quality of life of those in our care. We have 130 employees serving around 80 clients, primarily in Orono, Old Town, Patten, and Island Falls. Since 1977, we have established a trusted legacy within the community, helping Maine's most vulnerable adults and youth including those with complex needs who frequently spend long periods in hospitals awaiting our support.

COLA Impact on Workers and Services

The January 10, 2025 memo, "Overview of DHHS Investments & Adjustments in FY26-27 Biennial Budget Proposal," states: “Suspending COLA Adjustments for FY 26-27: The budget simplifies and consolidates MaineCare rate reform statutory language and stipulates that rate adjustments are subject to available appropriations. The MaineCare rate reform language changes would avoid $132 million in General Fund costs during the biennium.” These rate cuts and the COLA suspension of January 1, 2025, have devastating implications for our care system. It guarantees three years (at least) of flat wages for IDD services staff, while those in private and public sectors will receive wages and cost-of-living increases. This will return these positions to minimum wage jobs, moving us back to previous crisis levels. Since COLAs began being issued in 2024, we have provided our direct support staff with over a 12% increase in their hourly pay. Our full-time employees, on average, are making $5000 more per year now than they did 2023. This decision to curtail rates represents a considerable setback. We had budgeted for a 2.5% wage increase across the board on January 1st, 2025, to recognize and reward our employees' hard work and commitment. However, due to the suspension of COLA, that has all been placed on hold. With stagnant wages, employees often need to take on additional part-time jobs or work extensive overtime hours to support their families. Additionally, this sends a message, while I am sure unintentionally, that they are undervalued.

Negative Impacts of Language Change in the Budget

The proposed changes in the budget language sections UU-2 and UU-3 will adversely affect this budget and the future. They single-handedly dismantled the rate-setting/determination process for which this administration developed, touted, and won national awards. This process was designed to ensure that MaineCare rates are fair, predictable, and adequate to support our system of services. It provided a structured approach to rate setting, including regular reviews, transparency, and adjustments based on comprehensive benchmarking and rate studies. To be clear, the language changes are significant. This means that rates no longer need to support paying DSPs at 125% of the minimum wage. While rate determinations will continue, the new proposed language means nothing needs to be implemented with the results. Making future COLA or increases in MaineCare rates subject to available funding leaves a system that is entirely unpredictable, unstable, and at the whim of each administration and legislature's priorities. Of note, the legislature did allocate a 1.95% increase in the current budget, and the Administration choose to ignore the law and remove that planned and authorized increase. Implementing this language will further destabilize our fragile system, return us to arbitrary and insufficient rate, disregard the progress made in recent years, and ignore the fact the changes in 2022 stabilized the caring staff sector.

History of Rate for Section 21 and the Pending Rate Determinations

We commend the Administration for fixing a previous error of theirs and allocating funds in order to continue funding a priorly awarded Section 21 COLA. But, it is important to recognize that also following through on the rate determination is necessary. Providers, people supported, and their families have been patiently waiting for a very long time for meaningful reform to the Section 21 rates. In 2007, rate reform changed Section 21 rates from negotiated rates to the current system. From 2007 to 2022, there were no changes to rates, no benchmarking, or no rate determination other than a rate cut under the Baldacci Administration and a never implemented rate determination process in 2017 related to the failed SIS implementation. Then in 2022 the nationally lauded and effective rate determination process, which included the 125% minimum wage and COLA, was approved. In 2022, the labor component of the section 21 rate was adjusted to meet 125% minimum wage BUT at the same time the program component of the rate was cut (remember, this hadn't been adjusted since 2007). Since 2022, COLA adjustments were approved in 2023 and 2024, improving staff wages and service quality. However, the suspension of COLA for 2025, 2026, and 2027 threatens to undo these gains. We have been eager both for the Lifespan Waiver roll-out and to learn about the results of the rate determination process that was completed in 2024 for sections 21 and 29. Providers worked diligently with the department to ensure that good data was submitted. The rate studies have been completed, but no rates have been released, and no plan for implementation has been made, leaving providers in a state of uncertainty. The lack of published rates and the suspension of COLA further destabilize the system, making it difficult for providers to plan and budget effectively.

Single-Person Placement: I commend the Administration for their proposal to return the Section 21 Group Home program to pre-COVID residential practices, which will save $3.6 million annually by optimizing facility use. I urge a transparent and collaborative process involving clients, families, case managers, and providers to ensure effective implementation and continuity of care. As often the case, the provider of service are not included in the conversation leading to unnecessary confusion and inefficiencies. I would also encourage the Administration to think flexibly about how the use of enabling technology and remote supports can serve as a viable option to allow people in single-person placements to remain in their homes.

Efficiencies and Cost-Saving Measures
COLAs and rate determination are essential to our system and should be paired with a committed effort to improve efficiency, cut costs, and maintain high-quality services. The following are a couple of examples of places where service improvement in Section 21 can be achieved:

- Appoint a Technology Champion: Designate a staff member to advocate for and advance the use of remote services and technology in service delivery. This role will be pivotal in driving innovation and efficiency.
- Extend Remote Monitoring Hours: Increase MaineCare's funding for remote monitoring from 12 to 24 hours and allow concurrent in-home support services. Conduct a cost-savings analysis comparing 12 hours of in-home support plus 12 hours of remote support versus 24 hours of remote support to determine the most cost-effective strategy.
- Develop Community Supported Living Services: Introduce a Community Supported Living service in Sections 21 and 29 to provide more flexible and comprehensive support options for needy individuals.
- Streamline Approval Processes: Separate remote support devices and transmission fees from assistive technology devices and transmission fees. If remote services are approved, then automatically approve associated devices and transmission to reduce administrative burdens.
- Increase Assistive Technology Assessment Cap: Raise the cap on Assistive Technology Assessment to 24 hours annually, which will provide more thorough evaluations and better support for individuals requiring assistive technology.
- Enhance Case Manager Training: Increase case manager awareness and training on remote support services and their approval processes to ensure they are well-equipped to guide clients through available options.
- Optimize Group Home Staffing: Remote monitoring in group homes would allow agencies to determine staffing hours based on each member's individual needs. This flexibility would enable services to augment existing staff or transition to other types of services, removing the requirement for 24/7 support when remote monitoring is implemented.
- Change Section 21 Residential Home Supports to a true per diem model vs. its current complex and non-functional system of staffing percentage calculations and thresholds, which is difficult to manage.
- Expand Tele-Health: Incorporate subscription services like StationMD to waivers, providing continuous and specialized remote support to individuals in need.

Implementing these measures will address the immediate funding concerns and create a more adaptable, efficient, and sustainable care system for Maine’s DHHS. These steps ensure that those who rely on these services receive the quality care they deserve while allowing providers to operate effectively and sustainably.

Conclusion
I serve in various roles within our services and support systems, including as the vice-chair of the legislatively developed Essential Support Worker Advisory Committee. As you may remember, this committee was authorized under Title 5, section 12004-I-E, subsection 54 in 2021 with the charge to advise the Legislature, the Governor, and state agencies on the State's shortage of essential support workers, the people who provide care and support to older adults, people with physical and intellectual disabilities, and those with behavioral health challenges. The committee, consisting of 14 members from various sectors, evaluates staffing needs, makes recommendations, monitors workforce shortages, and seeks to collect data.

Rates set for MaineCare services are crucial for those individuals who rely on the services daily. When rates are adjusted to keep pace with the cost of living and realities of providing services, providers can maintain a stable and skilled workforce that translates to excellence in services received by individuals with disabilities, older adults, and those with behavioral health needs. However, when the system is either suspended or gutted as is proposed with the UU language, the impact is immediate and severe. The resources available to providers are less, forcing challenging decisions, such as cutting back on services, reducing staff, or even closing programs that many Mainers depend on for their well-being.

I emphasize that community-based care is essential to our long-term care system, reductions in this system leaves us without a safety net. Providers are already working with minimal margins, and this choice threatens to undo our progress. This short-sighted action is a betrayal of the commitments made to workers, providers, and the vulnerable Mainers we assist. Direct care workers, who faithfully serve day in and day out, often for wages just above the minimum wage, deserve more respect. Please reject the MaineCare Rate Setting System amendments as proposed in Section UU and restore funding annual COLAs along with the rate adjustments from pending MaineCare rate determinations.

Sincerely,

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