

Janet T. Mills
Governor

Sara Gagné-Holmes
Commissioner



Maine Department of Health and Human Services
Office of MaineCare Services
11 State House Station
Augusta, Maine 04333-0011
Tel; (207) 287-2674; Fax (207) 287-2675
TTY: Dial 711 (Maine Relay)

April 14, 2025

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

Re: LD 1489 – *Resolve, to Provide Stability to Long-term Care Facility Funding*

Senator Ingwersen, Representative Meyer and members of the Joint Standing Committee on Health and Human Services, thank you for the opportunity to provide information in opposition to LD 1489, *Resolve, to Provide Stability to Long-term Care Facility Funding*.

This bill requires the Department to provide a cost-of-living adjustment for residential care facilities (RCFs) and apply that adjustment retroactively to January 1, 2025, and to conduct a rate study and determine rates for residential care facility services with an effective date no later than January 1, 2026.

The Department is opposed to the bill for several reasons. First, by rule RCFs receive COLA on July 1, most recently a 4.91% COLA effective 7/1/2024. Further, 22 MRS 3173-J limits COLAs to services that have not received adjustments in the previous 12 months, so another COLA 1/1/25 would be inconsistent with that provision. In addition, due to CMS requirements for noticing a State Plan Amendment, it is not possible to achieve a 1/1/25 effective date and receive federal match for the cost of such an increase; the earliest possible effective date for a SPA would be 5/1/25 but would require passing this legislation – including making additional appropriations to pay for the additional COLA – prior to that date.

Second, the bill's requirement to conduct a rate study and implement the resulting rates by January 1, 2026, is unachievable. These processes take a *minimum* of 12 months, including the time to RFP and contract with a vendor to perform the rate study, which then includes collecting data from providers, analyzing that data to develop draft rates for public comment, and revising draft rates based on public comment – a process which is necessary for effective rate setting and is therefore reflected in 22 MRS 3173-J -- which is then followed by the rulemaking and State Plan Amendment processes.

Lastly, to the extent that a rate study would result in an increase in rates, appropriations would need to be made to fund the increase, which is an unknown amount at this time.

The Department would be happy to provide additional information. Please feel free to contact me if you have any questions during your deliberation of this bill.

Sincerely,

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

Michelle Probert
Director
Office of MaineCare Services
Maine Department of Health and Human Services