



**Testimony in opposition to
LD1878, An Act to Establish a Managed Care Program for MaineCare Services**

May 12, 2025

Senator Ingwersen, Representative Meyer, and members of the Health and Human Services Committee. I'm Dr. Julie Pease, Chair of the board of Maine AllCare. Thank you for the opportunity to provide this testimony regarding LD 1878, *An Act to Establish a Managed Care Program for MaineCare Services*

As you may know, Maine AllCare is an organization that was created to educate and advocate for healthcare for everyone in Maine. We are strongly opposed to LD 1878, which places responsibility for the management of the health care of Maine's most financially vulnerable patients in the hands of the insurance industry.

Putting managed care companies in charge of Medicaid will not control costs. Furthermore, MCO managed Medicaid is unlikely to improve quality or outcomes. It is even more unlikely to improve access. It is in fact more likely that access will worsen due to a probable exodus from Medicaid provider panels, as has happened in other states when Medicaid has become privatized.

You only need to look at Connecticut's experience with Managed Medicaid to understand our opposition. According to Mr. Sheldon Toubman, J.D. of New Haven Legal Assistance Corporation: "... when the capitated managed care model rolled out [in Connecticut], there were eleven MCOs, Managed Care Organizations. We were told that the state was going to save money by paying them 95% of what we would otherwise have paid them. You won't be surprised that the managed care industry managed to convince the state not to reduce its fees, but to pay it 100% of current spending. And you'll not be surprised to hear the industry say that actually it's not getting enough, so it needs more money, even though the whole premise was that it's going to save money... This dynamic started right away -- they were always demanding more money, but the state had become dependent on them... the basic problem with capitated MCOs is the same as with commercial insurance: every dollar of health care they provide comes out of their pocket. So the incentives are obvious." (reference provided below)

Connecticut learned from their mistake, and in 2012 they eliminated Managed Care, and switched to a care coordinated focus, self-insured payment model. The shift resulted in significant improvements in quality, access to care, provider participation and consumer satisfaction. At the same time enrollment in the program grew, [Connecticut Medicaid](#)

[accomplished this growth without an increase in administrative funding](#). (reference: Seven years later, Connecticut Medicaid still saving taxpayers money, <https://cthealthpolicy.org/>)

For more details about the Connecticut experience, I recommend Mr. Taubman's full report:

"How Connecticut Eliminated Managed Care in Medicaid <https://tinyurl.com/47e3ntxx>

and

Connecticut Bucks the Medicaid Managed Care Trend:

<https://www.managedhealthcareexecutive.com/view/connecticut-bucks-the-medicaid-managed-care-trend>

and

A Precis of the Connecticut Medicaid Program,

https://portal.ct.gov/-/media/departments-and-agencies/dss/medicaid-hospital-reimbursement/precis_of_ct_medicaid_program.pdf

If DHHS is looking to make changes to its MaineCare program, I suggest instead that you research care coordination, provided by a non-profit, administrative services organization.

On behalf of Maine AllCare I urge you to vote "Ought Not to Pass" on LD 1878.

Thank you for your consideration.