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LD 2177

Dear Health and Human Services Committee Members,

I am writing to express strong opposition to Sections 3(4), 3(7), and Section 4 of LD 2177, which together would significantly weaken Maine's MaineCare reimbursement framework and further destabilize already fragile home and community-based services for people with intellectual and developmental disabilities and brain injuries.

Section 3(4): Codifying Instability Instead of Fixing It

Section 3(4) makes all reimbursement adjustments — including five-year rate redeterminations and annual cost-of-living adjustments (COLAs) — subject to available appropriations, explicitly allowing the Department to reduce, delay, or eliminate adjustments even after they are studied, finalized, and scheduled.

This language formally walks back the bipartisan commitment made in 2021–2022 to a transparent, predictable rate-setting system. That system was intentionally designed to end decades of uncertainty by:

- Rebasing rates at least every five years using real cost data, and
- Applying COLAs in off-years tied to increases in Maine's minimum wage.

Allowing rates to be “promised but not funded” undermines the very purpose of that reform and returns providers to the instability it was meant to end.

COLAs Are Not Optional in a Minimum-Wage State

In Maine, labor is the primary cost driver for MaineCare services. Minimum wage increases are mandated by law, not discretionary. For providers, COLAs are not enhancements — they are the only mechanism to keep pace with required wage increases.

When COLAs are reduced, delayed, or eliminated:

- Providers must absorb mandated cost increases with no corresponding revenue.
- Competitive wages for direct support professionals (DSPs) become impossible.
- Workforce instability increases, leading to service reductions or closures.

We Know the System Works — When It Is Honored

In the first two years of the new rate-setting framework, when COLAs were fully applied, they worked. Providers were able to:

- Increase wages,
- Improve staff retention,
- Stabilize residential and community-based services, and
- Prevent further erosion of the system.

However, recent decisions have already weakened that progress. In FY25, the Legislature had to intervene to restore a reduced and delayed COLA after it was not proposed by the Administration. No COLAs are proposed in the FY27 supplemental budget. Section 3(4) would normalize this instability rather than correct it.

Providers Cannot Plan — and Services Cannot Stabilize — Under This Approach

A system that allows reimbursement adjustments to be studied but not funded is not a stable system. Providers cannot:

- Plan for known, mandated wage increases,
- Set sustainable DSP wages in a tight labor market,
- Retain experienced staff, or
- Maintain quality and continuity of care.

This is compounded by the reality that significant rate determinations initiated in late 2023 have still not been proposed in the budget or implemented.

Unfunded Mandates Are Pushing Services to the Breaking Point

In addition to rate instability, providers are facing tens of thousands of dollars in unfunded licensing mandates and regulatory requirements, layered on top of:

- Persistent workforce shortages,
- Rising insurance, utilities, food, and transportation costs, and
- General inflation.

The combined impact has already tipped many services into crisis. These changes make the system increasingly unsustainable and threaten the availability of essential

supports across the state.

Section 3(7): Weakening Transparency

Section 3(7) changes statutory language requiring the Department to maintain and publish a centralized, publicly accessible index of MaineCare rates by service code — replacing “must” with “may.”

This weakens transparency and accountability at a time when clarity around rates is more critical than ever for providers, policymakers, and the public.

Section 4: Repeal of Five-Year Rebasing Requirements

Section 4 repeals 22 MRSA §7403, eliminating the requirement that MaineCare rates be rebased at least every five years using cost reports or other market data.

This repeal removes one of the most important safeguards ensuring rates reflect the real cost of delivering services. Without regular rebasing, rates inevitably fall further behind reality — especially in a high-inflation, high-labor-cost environment.

Bottom Line

Together, these sections risk undoing hard-won progress and reintroducing chronic instability into MaineCare services. Providers cannot continue to deliver high-quality, community-based supports under a system that:

- Makes legally required cost increases discretionary,
- Allows studied and promised rates to go unfunded,
- Weakens transparency, and
- Eliminates required rebasing altogether.

I urge you to oppose Sections 3(4), 3(7), and Section 4 of LD 2177 and to protect the rate-setting framework that was carefully built to stabilize MaineCare services and the workforce that sustains them.

Thank you for your time and for your continued commitment to Maine people who rely on these essential services.

Respectfully,
Christine Vincent