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LD 2177

I am writing in opposition to LD 2177, specifically Section 3, which I believe formalizes instability in a system that was intentionally redesigned to provide transparency, predictability, and adequacy for MaineCare providers. While the bill is framed as an improvement, Section 3 walks back the shared commitment the Legislature made in 2022 when it adopted the current rate-setting framework with bipartisan support. Tying reimbursement adjustments to the “availability of appropriations” allows COLAs and rate adjustments to be reduced, delayed, or eliminated even after rates have been studied, finalized, and scheduled. This undermines the very purpose of the reform and returns providers to the uncertainty it was meant to end.

For MaineCare providers, particularly those serving individuals with intellectual and developmental disabilities, COLAs are not a luxury. In a minimum-wage state like Maine, where wage increases are mandated year over year, labor costs are the primary driver of our rates. Without regular, fully funded COLAs, providers are forced to absorb required wage increases with no corresponding adjustment in reimbursement. In the first two years of the new rate system, when COLAs were fully applied, the impact was meaningful. Providers were able to offer more competitive wages, stabilize their workforce, avoid service closures, and maintain critical residential and community-based supports. That progress has already been weakened by delayed and reduced COLAs, and by the absence of proposed COLAs in the FY27 supplemental budget.

Section 3 would further erode stability by making it impossible for providers to plan responsibly. We cannot reliably set wages, retain staff in a tight labor market, or ensure continuity and quality of care when rates can be promised but not funded. Funding tied to determinations that began in late 2023 has yet to be proposed or implemented, reinforcing the concern that this bill allows commitments to be made without follow-through. A system that permits that level of uncertainty is not sustainable for providers or for the people who rely on these services. For these reasons, I cannot support LD 2177, and I urge the Legislature not to advance a bill that risks undoing hard-won progress and reintroducing chronic instability into MaineCare services.