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Lewiston
LD 2177

Testimony of Eric Schwan

In opposition to

LD 2177 An Act to Update and Improve the MaineCare Reimbursement System

Joint Standing Committee on Health and Human Services

February 11, 2026

Good afternoon, Senator Ingwersen, Representative Meyer, and esteemed members of the Health and Human Services Committee. My name is Eric Schwan. I am the Music Program Coordinator of Creative Trails. Thank you for the opportunity to provide testimony in opposition to

LD 2077 An Act to Update and Improve the MaineCare Reimbursement System.

I am testifying today to share how Section 3 of LD 2177 would affect our ability to plan, stabilize services, and continue supporting the individuals and families who rely on us.

Who We Serve

Creative Trails serves over 200 individuals across Southern Maine, including many folks in York, Cumberland, and Androscoggin counties, delivering high-quality community integration and therapeutic services to our community members with IDD.

Concerns with Section 3, Subsection 4 of LD 2177

Section 3 of LD 2177 formalizes instability instead of fixing it

Section 3 states that reimbursement adjustments are subject to the availability of appropriations. This language allows the Department to reduce, delay, or eliminate COLAs and to reduce or eliminate rate adjustments from five-year redeterminations, even after rates are studied, finalized, and scheduled.

This formally walks back the commitment to a transparent, predictable rate setting system

Adopted in 2022 with bipartisan support, the current rate-setting framework (a five year cycle with COLA's in the off years tied to the increase in minimum wage) was built on a shared commitment to transparency, predictability, and adequacy. By making reimbursement adjustments based on appropriations, Section 3 walks away from that commitment and returns providers to the uncertainty of adequate reimbursement that the reforms were meant to end.

Why Predictability and Transparency Matter

1. In a minimum-wage state, COLAs are not a luxury — they are a necessity
Maine has adopted and continues to increase the minimum wage year over year. For MaineCare providers, labor costs are the primary driver of rates. Cost-of-living adjustments (COLAs) are essential simply to keep pace with mandated wage increases. Without regular, fully funded COLAs, providers are forced to absorb required cost increases with no corresponding rate adjustment.

2. When fully applied, COLAs worked — and they mattered

In the first two years of the new rate system, when COLAs were fully applied, they served as a lifeline for providers. These adjustments helped build more competitive wages, improve workforce stability, prevent service closures, and stabilize residential and community-based supports. This demonstrated that the system can work when it is honored as designed.

3. Recent COLA decisions have already weakened that progress

In FY25, legislators intervened to restore a reduced and delayed COLA after the Administration did not propose it in either the supplemental or biennial budget.

COLAs are not proposed in the FY27 supplemental budget. This pattern represents a step away from the system's original intent and places increasing strain on already fragile services.

6. Providers cannot plan — and services cannot stabilize — under this approach

Section 3 leaves providers unable to reliably plan for mandated wage increases, set competitive DSP wages, retain staff in a tight labor market, or maintain quality and continuity of care. As it stands, funding for HCBS rates from a determination process which began in late 2023 have yet to be proposed in the budget or implemented. A system that allows rates to be promised but not funded is not a stable system.

7. Bottom line

This bill risks undoing hard-won progress and reintroducing chronic instability into MaineCare services.

Please oppose LD 2177.

I am asking the Committee to remove language that would make the MaineCare Rate Setting System and thus any specific service reimbursement for delivering vital care and support to individuals with disabilities, subject to available appropriations.

Thank you for your time and consideration.

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