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Re: Testimony in Opposition of LD 2177 – An Act to Update and Improve the MaineCare Reimbursement System

Senator Ingwersen, Representative Meyer, and the members of the Joint Standing Committee on Health and Human Services,

On behalf of the Maine Community Action Partnership (MeCAP), thank you for the opportunity to provide testimony regarding LD 2177, An Act to Update and Improve the MaineCare Reimbursement System.

MeCAP appreciates the intent to bring greater structure and predictability to rate-setting; however, we have significant concerns that the bill, as drafted, may leave community-based providers financially vulnerable and unintentionally jeopardize service stability across Maine. Our primary concerns include:

**Uncertain cost-of-living adjustments:** COLAs are no longer guaranteed and may be reduced or eliminated, creating instability for workforce planning and long-term operations. The COLA structure insufficiently accounts for indirect but essential expenses such as supervision, administration, IT, insurance, and regulatory compliance. In addition, rising labor, insurance, and compliance costs far outpace the bill's update cycles.

**Benchmarking limitations:** Reliance on Medicare or commercial benchmarks does not reflect the actual cost of delivering community-based and behavioral health services and may create a ceiling rather than a floor.

**Access-based prioritization risks:** Providers who absorb financial losses to preserve access may be deprioritized precisely because they continue delivering services despite inadequate reimbursement.

**Lack of protections for MaineCare-dependent providers:** The bill acknowledges varying levels of dependence but does not include safeguards for organizations heavily reliant on MaineCare revenue.

This bill does not adequately ensure that reimbursement rates will match the true cost of service delivery. Without stronger protections, LD 2177 could increase long-term risks of service reduction or contraction, particularly in high-need and underserved communities.

Thank you for your consideration and for your continued commitment to Maine residents. MeCAP respectfully urges the Committee to revise the bill to ensure sustainable, cost-based reimbursement for essential community services.

Sincerely,

*Victoria D. Forkus*

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