

**Testimony of
Commissioner Benjamin Mann, Deputy Commissioner of Finance,
Department of Health and Human Services**

**Before the Joint Standing Committee on Appropriations and Financial Affairs and
The Joint Standing Committee on Health and Human Services**

**LD 258 “An Act Making Unified Appropriations and Allocations from the General Fund
and Other Funds for the Expenditures of State Government and Changing Certain
Provisions of the Law Necessary to the Proper Operations of State Government for the
Fiscal Years Ending June 30, 2023, June 30, 2024 and June 30, 2025”**

Hearing Date: February 24, 2023

Senator Rotundo, Representative Sachs, Senator Baldacci, Representative Meyer, Members of the Joint Standing Committee on Appropriations and Financial Affairs and Members of the Joint Standing Committee on Health and Human Services; my name is Benjamin Mann, Deputy Commissioner of the Department of Health and Human Services (DHHS). I am here today to speak in support of LD 258, the Governor’s Biennial Budget proposal for State fiscal years 2024 and 2025.

Overall Budget

This budget advances the Governor’s guiding belief that to build a stronger, more prosperous state where opportunity is available to all, then we must invest in the infrastructure that supports the people of Maine, our greatest asset.

That is why this budget proposal strengthens the very things that Maine people rely on every day to succeed. It builds on the strong success of the currently enacted budget and the work done in last legislative session to tackle Maine’s greatest challenges.

We have governed cautiously and in a fiscally prudent way over the past four years, making sure that – even in the hardest of times during the pandemic – we lived within our means. This budget proposal continues that practice.

Highlights from Department of Health and Human Services

Governor Mills’ budget proposal for the DHHS FY24-25 biennial budget continues policy efforts that were initiated at the beginning of her Administration, such as expanding access to health care and child care, as well as rebuilding critical parts of State government, such as the Maine CDC. This budget makes historic investments in behavioral health, increases supports for older Mainers, and supports a transformation of services for adults with intellectual and

developmental disabilities (IDD). The budget also provides funding for cost-of-living adjustments in numerous MaineCare and related provider payment rates in the wake of high inflation, consistent with Public Law 2021, chapter 398, Part AAAA as well as MaineCare rate reform as codified in Public Law 2021, chapter 639.

For the Department's budget as a whole, the Governor is proposing funding of \$638 million (\$316 million General Fund) for fiscal years 2024 and 2025. This would be partially offset by \$59 million in one-time deappropriations and lapse of prior year carrying balances to ensure that we are being fiscally prudent and living within our means. We look forward to working with both the AFA and HHS Committees to review this budget in detail and make needed investments in health and human services for the people of Maine.

Departmental Biennial Initiatives

HOSPITALS, PHYSICIANS, PHARMACIES AND TRANSPORTATION

The first program on page A-364 is **Medical Care – Payments to Providers – 0147**. This program funds Medicaid services administered by the Office of MaineCare Services.

1. The first initiative (C-A-2102) on page A-366 provides funding to reverse the savings associated with durable medical equipment in Public Law 2021, chapter 398 because rates were not reduced. This initiative requests \$601,594 (\$201,654 General Fund) in state fiscal years 2024 and 2025.

The first initiative (C-A-2102) on page A-366 provides funding to reverse the savings associated with durable medical equipment in Public Law 2021, chapter 398. This initiative provides General Fund All Other funding of \$201,654, increases Federal Expenditures Fund All Other allocation by \$388,690, and increases Federal Block Grant Fund All Other allocation by \$11,250 in state fiscal years 2024 and 2025.

2. The next initiative (C-A-2103) on page A-366 provides funding to rebase federally qualified health centers prospective payment system rates, per Public Law 2021, chapter 747. This initiative requests \$17,019,499 (\$5,038,479 General Fund) in state fiscal year 2024 and \$17,019,499 (\$5,058,208 General Fund) in state fiscal year 2025.

The next initiative (C-A-2103) on page A-366 provides funding to rebase federally qualified health centers prospective payment system rates pursuant to Public Law 2021, chapter 747, An Act To Improve the Quality and Affordability of Primary Health Care Provided by Federally Qualified Health Centers. This initiative provides General Fund All Other funding of \$5,038,479 in state fiscal year 2024 and \$5,058,208 in state fiscal year 2025, increases Federal Expenditures Fund All Other allocation by \$11,530,322 in state fiscal year 2024 and \$11,511,263 in state fiscal year 2025, and increases Federal Block Grant Fund All Other allocation by \$450,698 in state fiscal year 2024 and \$450,028 in state fiscal year 2025.

3. The next initiative (C-A-7120) on page A-367 reduces funding for supplemental payments to hospitals to align with the regular hospital tax rebasing. This initiative reduces funding by \$4,326,437 (\$1,256,707 General Fund) in state fiscal year 2025.

The next initiative (C-A-7120) on page A-367 reduces funding for supplemental payments to hospitals. This initiative reduces General Fund All Other funding by \$1,256,707 and Federal Expenditures Fund All Other allocation by \$3,069,730 in state fiscal year 2025.

4. The next initiative (C-A-7119) on page A-368 adjusts funding between the General Fund and Other Special Revenue Funds related to rebasing the hospital tax year from fiscal year 2017-18 to 2019-20. This initiative requests General Fund of \$5,408,048 and reduces Other Special Revenue Funds allocation by the same amount in state fiscal year 2025. This initiative is necessary to provide funding to pay claims since hospital tax revenue is decreasing.

The next initiative (C-A-7119) on page A-368 adjusts funding in the Medical Care - Payments to Providers program between the General Fund and Other Special Revenue Funds related to rebasing the hospital tax year from fiscal year 2017-18 to 2019-20. This initiative provides General Fund All Other funding of \$5,408,048 and reduces Other Special Revenue Funds All Other allocation by \$5,408,048 in state fiscal year 2025.

5. The next initiative (C-A-7126) on page A-369 provides funding as an initial investment toward broader reimbursement reform for acute care hospitals under Section 45 of the MaineCare Benefits Manual. Hospital rate reform will improve the transparency and accountability of hospital reimbursement, and align reimbursement with the cost, quality, and value of services. This initiative requests \$7,500,000 (\$2,090,373 General Fund) in state fiscal year 2024 and \$15,000,000 (\$4,180,746 General Fund) in state fiscal year 2025.

The next initiative (C-A-7126) on page A-369 provides funding as an initial investment toward broader reimbursement reform for acute care hospitals under Section 45 of the MaineCare Benefits Manual, to improve the transparency and accountability of hospital reimbursement, and the alignment of reimbursement with the cost, quality, and value of services. This initiative provides General Fund All Other funding of \$2,090,373 in state fiscal year 2024 and \$4,180,746 in state fiscal year 2025, increases Federal Expenditures Fund All Other allocation by \$5,320,995 in state fiscal year 2024 and \$10,641,990 in state fiscal year 2025, and increases Federal Block Grant Fund All Other allocation by \$88,632 in state fiscal year 2024 and \$177,264 in state fiscal year 2025.

Language

The language submitted on page 40L, Part YY, updates the base year for the hospital tax for state fiscal years beginning on or after July 1, 2024, to the hospital's fiscal year that ended during calendar year 2020.