



Testimony of Laura Cordes
Neither for nor Against

LD 209 An Act to Make Supplemental Appropriations and Allocations from the General Fund and Other Funds for the Expenditures of State Government and to Change Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Year Ending June 30, 2025

January 23, 2025

Good afternoon, Senator Rotundo, Senator Ingwersen, Representative Gattine, Representative Meyer and esteemed members of both the Appropriations and Financial Affairs and Health and Human Services Committees.

My name is Laura Cordes. I am the Executive Director for the Maine Association for Community Service Providers (MACSP), the statewide association of nearly one hundred agencies that deliver person-centered educational, vocational, residential and community supports, as well as specialized services and care to a diverse population of Maine children and adults who have either intellectual disabilities, autism spectrum disorder, or brain injuries, so that they may live full and meaningful lives in the community.

As MaineCare service providers, our members rely nearly 100% on MaineCare rates to deliver services to more than 5000 adults and 2000 children with an estimated workforce of 9,000 direct service professionals.

Thank you for the opportunity to come before you today to offer comments on the Governor's Supplemental Budget. I'm here today to ask you to restore funding for the January 1, 2025 cost-of-living-adjustments for MaineCare rates in the FY25 supplemental budget.

As you may know, the Department notified providers in December 2024 that, "Due to current projected budget limitations, the Department will only be applying COLAs on January 1, 2025, that are required by federal law. *Other COLA adjustments will be reliant on additional appropriations by the legislature.*"

The other COLA adjustments referred to in the notice are COLA's that are obligated to be provided to MaineCare rates under what is commonly referred to as Maine's Rate Setting System or Rate Reform System (MRS Title 22, §3173-J).

This reform, codified in April of 2022, was the result of several years of analysis and hard work by the Office of MaineCare Services, which designed and proposed a system for rate setting and determination and legislators,

who along with stakeholders, saw the benefits of implementing a transparent, sustainable, and value-oriented process to develop and implement fair and effective payment models for MaineCare services.

Three years later, we remain deeply appreciative of the legislature for supporting this system, which has become nationally recognized and lauded among state Medicaid directors and provider associations alike.

The statute requires that the state conduct a review or a “rate determination” of each MaineCare service rate on a rolling five year cycle and adjust each rate with a COLA in the off or in-between years. Some service rates receive a COLA on July 1, while others have been scheduled to receive a COLA on January 1st in the middle of the fiscal year. To the best of my knowledge, services within fourteen different MaineCare Sections were scheduled to receive a COLA adjustment on January 1 to coincide with the increase in the minimum wage.

The annual COLA is also used to meet another statutory obligation (MRSA Title22, §7402) adopted three years ago as well, which requires the state to adjust the labor components of MaineCare’s direct care service rates to support 125% of minimum wage. Direct care services that our members deliver which fall under this statute include services within MaineCare Sections 18, 20, 21, 29, 28 and 65.

After years of stagnant rates, annual COLAs have been nothing short of a lifeline for providers, our workforce and the people we support. Annual COLAs have helped to retain thousands of direct support professionals, stabilize services and keep many large and small programs alike from closing or further collapsing services while they wait for a rate determination.

Year over year, community based providers continue to report that the number one reason staff leave is for a higher paying position. COLAs have helped us to provide wage increases that get us closer to a competitive wage. Perhaps most importantly, state-supported COLAs for MaineCare rates have helped to recognize and lift up a workforce that is still too often unseen and undervalued in our society.

For a state service system grappling with a workforce shortage and a minimum wage that continues to increase, (up 3.5% on January 1 from \$14.15 to \$14.65), COLAs are not a luxury, they are a necessity.

A recent survey of our members found that the overwhelming majority of community based providers are experiencing significant financial pressures. Without the continued investment in MaineCare COLAs, our members report that they will hold off on wage increases for direct support workers and will need to limit the number of new clients or be unable to meet the needs of individuals with disabilities who rely on our support.

The majority of MaineCare rates for adult services in our sector have yet to be adjusted under the MaineCare Rate Setting system and the current rates do not adequately support increases in program costs nor the skyrocketing costs of employer-based benefits like health insurance and workers compensation. As we wait patiently for our turn in the five year cycle, for new rates to be implemented, COLAs remain indispensable.

Restoring COLA funding in the supplemental budget is not just an investment in providers—it is honoring a commitment to Maine’s most vulnerable residents and the workforce that supports them.

We've made tremendous progress in creating a more sustainable and transparent rate-setting system. Now is not the time to take a step back. I urge you to uphold the state's commitment to MaineCare providers, the direct care workforce, and the individuals we serve by fully restoring and appropriating funding for the January 1, 2025, COLAs in the supplemental budget.

Thank you for your time and consideration. I am happy to answer any questions you may have.

Laura Cordes

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