



Testimony for the AFA/HHS Legislative Committee Supplemental Hearings

Date: January 23rd, 2025

Presented by: Catherine Thibedeau, Executive Director of Independence Advocates of Maine

Subject: Impact of the Governor's Suspension of COLA for MaineCare Rates on Independence Advocates of Maine

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 6/30/25.

Neither for Nor Against

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.

I am Catherine Thibedeau, Executive Director of Independence Advocates of Maine. Thank you for allowing me to share my testimony on the supplemental budget. Today, I urge your support to restore and allocate funding in the supplemental budget, LD 209, for the January 1, 2025, cost of living adjustments (COLA) to MaineCare service rates.

Independence Advocates of Maine (IAM) provides essential support and services to individuals with intellectual and developmental disabilities through MaineCare sections 21, 29, and 50. Our services include Intermediate Care Facilities, community supports, shared living, employment services, enabling technology, and group homes. These services are vital for maintaining the dignity, health and safety, and quality of life of those in our care. We have over 130 dedicated employees serving around 80 clients across the state, with primary service locations in Orono, Old Town, Patten, and Island Falls, Maine. Having been in operation since 1977, we have built a legacy of trust and reliability within the community. Many of our clients are Maine's most vulnerable citizens – adults and youth whose needs are so complex they spend 100's of days in the hospital ready for discharge but waiting for assistance before being accepted into our services.

Our employees work tirelessly to provide high-quality care, ensuring our clients receive the support they need to lead fulfilling lives. The cost-of-living adjustments have been essential in allowing us to offer wages that reflect their skill and dedication, and this suspension of COLA will have a devastating effect. Over the past few years, the cost-of-living adjustments have

allowed us to advance our wages beyond minimum wage, and this recent decision to curtail rates represents a considerable setback. We had budgeted for a 2.5% wage increase across the board on January 1st, 2025, to recognize and reward our employees' hard work and commitment. We worked together with MSEA on a side agreement so those in our bargaining agreement could also receive the additional wage increase. However, due to the suspension of COLA, none of this happened. With stagnant wages, employees often need to take on additional part-time jobs or work extensive overtime hours to support their families. Additionally, we see an uptick in the use of same-day pay programs, further undermining the financial security of our employees.

I serve in various roles within our services and support system, including as the Vice-Chair of the legislatively developed Essential Support Worker Advisory Committee. As you may remember, this committee was authorized under Title 5, section 12004-I-E, subsection 54 in 2021 with the charge to advise the Legislature, the Governor, and state agencies on the State's shortage of essential support workers, the people who provide care and support to older adults, people with physical and intellectual disabilities, and those with behavioral health challenges. The committee, consisting of 14 members from various sectors, evaluates staffing needs, makes recommendations, monitors workforce shortages, and seeks to collect data. We meet quarterly; our next meeting will be on Monday, February 3rd.

In correlation with forming this committee, the Legislature also committed to address the state's shortage of essential support workers by valiantly codified an entirely new system. This system requires rates to support 125% of Minimum Wage ¹ along with the implementation of a rate review and development process and COLAs ². This reform contributes substantially toward stabilizing the essential support workforce as seen through higher employee wages, increases in the number of individuals served, reductions in overtime, and overall functionality advancements. Providers and workers have now come to rely on COLA for increases in pay, to cover rising program costs, and to stay ahead of minimum wage. The suspension of COLA further destabilizes an already fragile system, putting at risk the essential services that so many Mainers depend on.

Rates set for MaineCare services are crucial for those individuals who rely on the services daily. When rates are adjusted to keep pace with the cost of living, providers can maintain a stable and skilled workforce. This stability translates directly into the quality of care for those in need. However, when cost-of-living adjustments are suspended, the impact is immediate and severe, as the resources available to providers are less, forcing challenging decisions, such as cutting back on services, reducing staff, or even closing the programs that many Mainers depend on for their well-being and independence.

The financial strain caused by the suspension of COLA has also created operational challenges and limited our ability to expand services to meet the growing needs of our community, especially in the areas of enabling technology and employment services. The first half of this

1: §7402 P.L. 2021, ch. 398, Part AAAA (pgs 237-241) outlines the reimbursement policies for essential support workers in Maine, including requiring wages to be at least 125% of the minimum wage. It mandates that the DHHS adjust reimbursement rates for various home and community-based services to reflect this wage increase and report annually until 2026 to the legislature on staffing shortages and efforts to implement long-term care workforce recommendations.

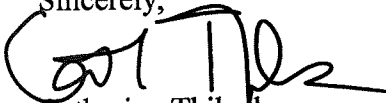
2: MRS Title 22, §3173-J Establish a rate-setting system for MaineCare payment models and rates to ensure they are efficient and economical and provide quality care. It mandates regular reviews, public consultations, and updates to reimbursement rates based on comprehensive benchmarking and rate studies.

fiscal year was our first stabilizing quarters since the pandemic, with some programs beginning to break even. However, the absence of rate increases will set these programs back into "survival" mode. We must now evaluate once again how much loss we can sustain before a program becomes inoperable.

Community-based care is an essential component of our long-term care system. Rate reductions remove a safety net, as providers already operate with minimal margins. I urge this committee to reinstate COLA for MaineCare rates and honor the commitments made to providers, workers, and those reliant on these services. Without this investment, our system will regress, leaving many Mainers without necessary care and destabilizing our workforce. The impact on our community will be profound, as many individuals who rely on our services will be left without the support they need. Our employees, who have shown unwavering dedication to their work, deserve compensation that reflects their contributions and impact on the lives of those they serve.

Thank you for your time and consideration.

Sincerely,

A handwritten signature in black ink, appearing to read 'Catherine Thibedeau', with a large, stylized flourish extending to the right.

Catherine Thibedeau
Executive Director