

Testimony of Commissioner Sara Gagné-Holmes and
Deputy Commissioner of Finance Benjamin Mann
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 210, 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, 2025, June 30, 2026 and June 30, 2027

Hearing Date: February 12, 2025, 1:00pm

Senator Rotundo, Representative Gattine, Senator Ingwersen, 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 Sara Gagné-Holmes, Commissioner of the Department of Health and Human Services (DHHS). I am here today to speak in support of LD 210, the Governor's budget proposal for the 2026-2027 biennium. I will introduce our testimony and help answer questions; Deputy Commissioner Benjamin Mann will testify on individual initiatives and will also be available to answer questions.

Overall Budget

Maine – like many states, both blue and red – is facing a tight budget environment. The Mills Administration has spent months carefully developing a balanced budget proposal to preserve the programs lawmakers and Maine people support, including education, revenue sharing, public safety, higher education, and school meals, while also protecting the long-term fiscal health of Maine.

Ultimately, we took a balanced approach: one that makes some investments - including operational needs such as technology efficiencies, health and safety improvements, collective bargaining impacts, etc. - that proposes some spending cuts, and that makes some targeted revenue increases. We know these proposals are difficult and appreciate that you will consider them with an open mind.

We look forward to working with you over the coming months to enact a budget that supports our greatest asset of all: the people of Maine.

Highlights from Department of Health and Human Services

The Maine Department of Health and Human Services (DHHS) is dedicated to promoting health, safety, resilience, and opportunity for Maine people. The Department provides health and social

services to almost a third of the State's population, including children, families, older Mainers, and individuals with disabilities, mental illness, and substance use disorders. My executive leadership team and I understand the importance of these services to the health and wellbeing of not only the Maine people accessing these services but their families as well.

Nevertheless, in light of state revenues leveling off and in order to ensure these services are sustainable in the long term, we made hard decisions to rebalance and make certain program adjustments. To that end, I want to provide you with some insight into our decision-making.

We had to include difficult tradeoffs in the budget given the current budget environment. Our general approach to making those decisions included 1) rolling back programs and/or funding that are not implemented yet, 2) rolling back programs and/or funding that are still new and only implemented recently, and 3) looking to other states and national averages as a reference point to assess level of support currently provided by programs in Maine. These guideposts helped inform us how to build and rebalance the budget before you.

We did not arrive at the budget proposals lightly nor were they without heated debate. Ultimately the budget proposals before you today maintain core supports and services across the Department.

I will now turn it over to Deputy Commissioner Mann to speak more specifically about the DHHS biennial budget.

Departmental Biennial Initiatives

Senator Rotundo, Representative Gattine, Senator Ingwersen, 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 Finance at the Department of Health and Human Services.

A couple of housekeeping notes before I begin: For the initiatives that we'll cover during this session, I included the traditional budget language that directly aligns to what you see in the Governor's printed budget. This language is italicized. However, my oral testimony today will summarize each initiative so that it's easier to understand while not losing any detail or meaning. Thus, my testimony today is 18 pages, but I won't be reading it all. And per the guidance from the committee, I won't be covering certain more administrative initiatives such as reclassifications and revenue adjustments. These are included in the appendices to this testimony. There are also a few initiatives that appear more than once in the budget because they are funded in multiple programs, but I will only read them once. I include a table that provides a full view of the initiative across all accounts for your reference.

Data, Research and Vital Statistics

The first program on page A-308 is **Data, Research and Vital Statistics – Z037**. This program administers Maine's vital statistics system and provides quantitative information for surveillance, planning, policy development, program management and evaluation, producing detailed population estimates and compiling data on health status and health resources. There are no initiatives for this program.

Department of Health and Human Services Central Operations

The next program on page A-309 is **Department of Health and Human Services Central Operations – 0142**. This program provides general administrative services and oversight for the Department of Health and Human Services and provides financial support to Department offices and programs in order to maintain financial stability and continuity of Department services. This program has 2 initiatives related to centralized services which are included in Appendix B.

Departmentwide

The next program on page A-311 is **Departmentwide – 0640**. This program serves as a placeholder to record funding adjustments that are subsequently reallocated to the appropriate programs. There are no initiatives for this program.

Division of Licensing and Certification

The next program on page A-320 is **Division of Licensing and Certification – Z036**. This program licenses medical and long-term care facilities, assisted living, residential care, private non-medical institutions, mental health service providers, and substance use disorder agencies. *Registration of CNA's and Direct Care workers and the operation of the Maine Background Check Center are also part of the responsibilities of this program. The program also regulates health care facilities and providers under the Certificate of Need Act, Health Safety Act, Health Maintenance Organizations, the Hospital Cooperation Act and laws pertaining to continuing care retirement communities and MaineCare approval for capital expenditures by long term care facilities.* This program has 4 initiatives.

1. The first initiative (C-A-1501) on page A-320 establishes 4 positions in the Division of Licensing and Certification (DLC) for newly required personal care agency and waiver home surveys and to address anticipated complaints. Public Law 2023, chapters 89 (waiver homes) and 309 (personal care agencies) requires DHHS to license and survey 300+ personal care agencies and 1000+ waiver home beds, which in turn requires additional capacity at DLC.

The first initiative (C-A-1501) on page A-320 establishes 4 Social Service Program Specialist I positions funded 66% Other Special Revenue Funds and 34% General Fund in the Division of Licensing and Certification program for required personal care agency and waiver home surveys and to address complaints. This initiative also provides funding for related All Other costs. This initiative provides General Fund Personal Services funding of \$130,000 in state fiscal year 2026

and \$136,028 in state fiscal year 2027 and All Other funding of \$9,868 in state fiscal years 2026 and 2027 and increases Other Special Revenue Funds Personal Services allocation by \$252,360 in state fiscal year 2026 and \$264,048 in state fiscal year 2027 and All Other allocation by \$25,500 in state fiscal year 2026 and \$25,774 in state fiscal year 2027.

2. The next initiative (C-A-1504) on page A-321 is related to the prior initiative and establishes one position to serve as the DLC program manager for the new team providing personal care agency and waiver home surveys.

The next initiative (C-A-1504) on page A-321 establishes one Social Services Program Manager position funded 66% Other Special Revenue Funds and 34% General Fund in the Division of Licensing and Certification program to serve as the program manager for the new team providing personal care agency and waiver home surveys. This initiative also provides funding for related All Other costs. This initiative provides General Fund Personal Services funding of \$40,847 in state fiscal year 2026 and \$42,891 in state fiscal year 2027 and All Other funding of \$2,467 in state fiscal years 2026 and 2027 and increases Other Special Revenue Funds Personal Services allocation by \$79,291 in state fiscal year 2026 and \$83,256 in state fiscal year 2027 and All Other allocation by \$6,755 in state fiscal year 2026 and \$6,848 in state fiscal year 2027.

3. The next initiative (C-A-1215) on page A-321 reduces Federal and Other Special Revenue allocation to align with available resources. The Department received additional one-time funding due to the COVID-19 pandemic that has now expired, so allocation can be reduced. This initiative can also be found on pages A-359, A-361, A-365, A-374, A-378 and A-385.

Program	Page	SFY 2026						SFY 2027					
		Federal Expenditures Fund	Other Special Revenue Funds	Federal Block Grant Fund	Federal Expenditures Fund ARRA	Federal Expenditures Fund-ARP	Federal Block Grant Fund-ARP	Federal Expenditures Fund	Other Special Revenue Funds	Federal Block Grant Fund	Federal Expenditures Fund ARRA	Federal Expenditures Fund-ARP	Federal Block Grant Fund-ARP
0129	A-385	\$ -	\$ (77,500)	\$ (4,571,186)	\$ (1,505,268)	\$ -	\$ -	\$ -	\$ (77,500)	\$ (4,571,186)	\$ (1,505,268)	\$ -	\$ -
0140	A-374	\$ (105,000)	\$ -	\$ -	\$ -	\$ (1,382,751)	\$ -	\$ (105,000)	\$ -	\$ -	\$ -	\$ (2,782,751)	\$ -
Z034	A-365	\$ (1,469,248)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,469,248)	\$ -	\$ -	\$ -	\$ -	\$ -
Z036	A-321	\$ (884,177)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (884,177)	\$ -	\$ -	\$ -	\$ -	\$ -
Z198	A-361	\$ -	\$ -	\$ (1,872,874)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,872,874)	\$ -	\$ -	\$ (3,138,475)
Z199	A-378	\$ (4,040,153)	\$ -	\$ (6,530,972)	\$ -	\$ -	\$ (3,640,385)	\$ (4,040,153)	\$ -	\$ (6,530,972)	\$ -	\$ -	\$ (5,640,385)
Z206	A-359	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2,388,417)
Total		\$ (6,498,578)	\$ (77,500)	\$ (12,975,032)	\$ (1,505,268)	\$ (1,382,751)	\$ (3,640,385)	\$ (6,498,578)	\$ (77,500)	\$ (12,975,032)	\$ (1,505,268)	\$ (2,782,751)	\$ (11,167,277)

The next initiative (C-A-1215) on page A-321 reduces Federal Expenditures Fund and Other Special Revenue Funds allocation to align with available resources. This initiative reduces Federal Expenditures Fund All Other allocation by \$884,177 in state fiscal years 2026 and 2027. This initiative can also be found on pages A-359, A-361, A-365, A-374, A-378 and A-385.

4. The next initiative (C-A-1508) on page A-321 reallocates some of the costs of 80 existing DLC positions to align funding with the tasks being performed. We are proposing to use available Maine Background Check Center funding to offset existing General Fund costs related to certain DLC positions, thus saving General Fund.

The next initiative (C-A-1508) on page A-321 reallocates the costs of 80 positions and transfers and reallocates one Comprehensive Health Planner II position between various accounts within the Division of Licensing and Certification program to align funding with the tasks performed by the positions. This initiative also reallocates funding for related All Other costs. This initiative reduces General Fund Personal Services funding by \$402,399 in state fiscal year 2026 and \$412,132 in state fiscal year 2027 and All Other funding by \$27,065 in state fiscal years 2026 and 2027 and increases Other Special Revenue Funds Personal Services allocation by \$427,488 in state fiscal year 2026 and \$440,532 in state fiscal year 2027 and All Other allocation by \$37,358 in state fiscal year 2026 and \$37,588 in state fiscal year 2027.

Medical Care – Payments to Providers

The next program on page A-353 is **Medical Care – Payments to Providers – 0147**. This program funds Medicaid services administered by the Office of MaineCare Services. This program has 4 initiatives.

1. The first initiative (C-A-2116) on page A-353 provides funding to increase MaineCare appropriations to reflect increases in costs and enrollment in the MaineCare program. Recall the Department previously gave a detailed presentation as part of the FY25 supplemental budget testimony about the reasons for the enrollment and cost increases related to the MaineCare program. For fiscal year 2025, the Department requested \$118 million General Fund on a one-time basis; this initiative provides ongoing funding in the upcoming biennium to support MaineCare. This initiative can also be found on pages A-314, A-315, A-339 and A-392.

Program		Page	SFY 2026				SFY 2027			
			General Fund	Federal Expenditures Fund	Other Special Revenue Funds	Federal Block Grant Funds	General Fund	Federal Expenditures Fund	Other Special Revenue Funds	Federal Block Grant Funds
0147	All Other	A-353	\$ 96,729,843	\$ 361,802,773	\$ 1,207,432	\$ 8,354,198	\$ 96,840,359	\$ 360,655,916	\$ 3,215,701	\$ 8,299,977
0202	All Other	A-339	\$ 346,343	\$ -	\$ -	\$ -	\$ 344,872	\$ -	\$ -	\$ -
2009	All Other	A-392	\$ 7,102,535	\$ -	\$ -	\$ -	\$ 7,072,368	\$ -	\$ -	\$ -
2211	All Other	A-314	\$ 17,693,181	\$ -	\$ -	\$ -	\$ 17,618,034	\$ -	\$ -	\$ -
2212	All Other	A-315	\$ 878,480	\$ -	\$ -	\$ -	\$ 874,749	\$ -	\$ -	\$ -
Total			\$ 122,750,382	\$ 361,802,773	\$ 1,207,432	\$ 8,354,198	\$ 122,750,382	\$ 360,655,916	\$ 3,215,701	\$ 8,299,977

The first initiative (C-A-2116) on page A-353 provides funding to increase MaineCare appropriations and allocations to reflect increases in costs and enrollment. This initiative provides General Fund All Other funding of \$96,729,843 in state fiscal year 2026 and \$96,840,359 in state fiscal year 2027, increases Federal Expenditures Fund All Other allocation by \$361,802,773 in state fiscal year 2026 and \$360,655,916 in state fiscal year 2027, increases Other Special Revenue Funds All Other allocation by \$1,207,432 in state fiscal year 2026 and \$3,215,701 in state fiscal year 2027 and increases Federal Block Grant Fund All Other allocation by \$8,354,198 in state fiscal year 2026 and \$8,299,977 in state fiscal year 2027. This initiative can also be found on pages A-314, A-315, A-339 and A-392.

2. The next initiative (C-A-2117) is the third one on page A-354 and adjusts funding between General Fund and Other Special Revenue in the MaineCare pharmacy program to reflect increased drug rebates received annually. Due to pharmacy cost and enrollment increases in recent years, the Department is able to collect more revenues from drug rebates and thus offset General Fund dollars.

The next initiative (C-A-2117) on page A-354 adjusts funding between the General Fund and Other Special Revenue Funds within the MaineCare pharmacy program to reflect the drug rebates received annually. This initiative reduces General Fund All Other funding by \$18,500,000 in state fiscal years 2026 and 2027 and increases Other Special Revenue Funds All Other allocation by \$18,500,000 in state fiscal years 2026 and 2027.

3. The next initiative (C-A-2111) on page A-355 is related to MaineCare account consolidation that is not ready to be finalized. We would like to remove this initiative and will include its removal in the change package. This initiative can also be found on pages A-304, A-314, and A-338, and, purely for reference, this initiative is budget neutral.

			SFY 2027		
Program	Page	General Fund	Federal Expenditures Fund	Federal Block Grant Fund	
0147	All Other	A-355	\$ (113,202,784)	\$ (665,512,444)	\$ -
Z211	All Other	A-314	\$ 25,324,681	\$ 467,715,199	\$ -
Z421	All Other	A-338	\$ 81,840,486	\$ 181,085,740	\$ -
Z422	All Other	A-304	\$ 6,037,617	\$ -	\$ 16,711,505
Total			\$ -	\$ (16,711,505)	\$ 16,711,505

The next initiative (C-A-2111) on page A-355 adjusts appropriated funding to better align with anticipated actual expenditures following the implementation of the new consolidated structure of non-administrative MaineCare appropriations. This initiative reduces General Fund All Other funding by \$113,202,784 and reduces Federal Expenditures Fund All Other allocation by \$665,512,444 in state fiscal year 2027. This initiative will be included in the change package to remove. This initiative can also be found on pages A-304, A-314 and A-338.

4. The next initiative (C-A-2109) on page A-356 adjusts funding as a result of the increase in the state share of the Federal Medicaid Assistance Percentage (FMAP). In the current fiscal year, the state share of the blended FMAP rate is 37.79%; it is increasing to 38.52% in fiscal year 2026 and 38.71% in fiscal year 2027. This initiative provides General Fund to make up the loss of Federal dollars. This initiative can also be found on pages A-314, A-315, A-351, A-352, A-358, A-364, A-366, A-380 and A-404. You can see the total request across all accounts in the table below.

Approp		Page	SFY 2026				SFY 2027			
			General Fund	Federal Expenditures Fund	Federal Block Grant Fund	Fund for a Healthy Maine	General Fund	Federal Expenditures Fund	Federal Block Grant Fund	Fund for a Healthy Maine
0147	All Other	A-356	\$ 15,528,680	\$ (24,333,365)	\$ (612)	\$ 625,883	\$ 19,641,956	\$ (30,666,706)	\$ (72,337)	\$ 788,784
0148	All Other	A-366	\$ 4,034,851	\$ (4,034,851)	\$ -	\$ -	\$ 5,085,018	\$ (5,085,018)	\$ -	\$ -
Z201	All Other	A-364	\$ 1,123,211	\$ -	\$ -	\$ -	\$ 1,415,554	\$ -	\$ -	\$ -
Z202	All Other	A-380	\$ 271,839	\$ -	\$ -	\$ 26,338	\$ 342,592	\$ -	\$ -	\$ 33,193
Z207	All Other	A-358	\$ 829,768	\$ -	\$ -	\$ -	\$ 1,045,735	\$ -	\$ -	\$ -
Z210	All Other	A-351	\$ 752,621	\$ -	\$ -	\$ -	\$ 948,508	\$ -	\$ -	\$ -
Z211	All Other	A-314	\$ 3,898,992	\$ -	\$ -	\$ -	\$ 4,913,798	\$ -	\$ -	\$ -
Z212	All Other	A-315	\$ 1,011,312	\$ -	\$ -	\$ -	\$ 1,274,531	\$ -	\$ -	\$ -
Z214	All Other	A-404	\$ 2,486	\$ -	\$ -	\$ -	\$ 3,133	\$ -	\$ -	\$ -
Z217	All Other	A-352	\$ 77,542	\$ -	\$ -	\$ -	\$ 97,724	\$ -	\$ -	\$ -
Z218	All Other	A-352	\$ 185,304	\$ -	\$ -	\$ -	\$ 233,534	\$ -	\$ -	\$ -
Total			\$ 27,716,606	\$ (28,368,216)	\$ (612)	\$ 652,221	\$ 35,002,083	\$ (35,751,724)	\$ (72,337)	\$ 821,977

The next initiative (C-A-2109) on page A-356 adjusts funding as a result of the increase in the state share of the blended Federal Medicaid Assistance Percentage from fiscal year 2024-25. This initiative provides General Fund All Other funding of \$15,528,680 in state fiscal year 2026 and \$19,641,956 in state fiscal year 2027, reduces Federal Expenditures Fund All Other allocation by \$24,333,365 in state fiscal year 2026 and \$30,666,706 in state fiscal year 2027, reduces Federal Block Grant Fund All Other allocation by \$612 in state fiscal year 2026 and \$72,337 in state fiscal year 2027 and increases Fund for a Healthy Maine All Other allocation by \$625,883 in state fiscal year 2026 and \$788,784 in state fiscal year 2027. This initiative can also be found on pages A-314, A-315, A-351, A-352, A-358, A-364, A-366, A-380 and A-404.

Office of Advocacy - BDS

The next program on page A-371 is Office of Advocacy – BDS – Z209. This is contracted advocacy service for developmental services as set forth in 34-B MRS §5005-A. There are no initiatives for this program.

Office of MaineCare Services

The next program on page A-384 is Office of MaineCare Services – 0129. This provides funding for both direct and indirect expenditures for the development of policy and the administration of MaineCare to help ensure that all Maine people are able to access critical health services, both preventative and emergency, that help them stay healthy and safe. This program has 14 initiatives, some of which we’ve already covered.

1. The first initiative (C-A-1904) on page A-384 provides continued funding for the children's behavioral health single assessment. The single assessment is a cornerstone of the Children's Behavioral Health Plan and of the federal Department of Justice (DOJ) agreement bringing DHHS into compliance with the Americans with Disabilities Act (ADA). The single assessment is an evidence-based, coordinated screening tool to determine behavioral health service needs for kids. This initiative can also be found on page A-359.

Program	Page	SFY 2026		SFY 2027		
		General Fund	Federal Expenditures Fund	General Fund	Federal Expenditures Fund	
0129	All Other	A-384	\$ -	\$ 968,968	\$ -	\$ 968,968
Z206	All Other	A-359	\$ 315,666	\$ -	\$ 315,666	\$ -
Total			\$ 315,666	\$ 968,968	\$ 315,666	\$ 968,968

The first initiative (C-A-1904) on page A-384 provides funding for the continuation of a children's behavioral health single assessment per Public Law 2023, chapter 412 funded 75% Office of MaineCare Services, Federal Expenditures Fund and 25% Mental Health Services - Children, General Fund. This initiative increases Federal Expenditures Fund All Other funding by \$968,968 in state fiscal years 2026 and 2027. This initiative can also be found on page A-359.

2. The next initiative (C-A-1215) on page A-385 reduces Federal Expenditures Fund and Other Special Revenue Funds allocation to align with available resources. This initiative reduces Other Special Revenue Funds All Other allocation by \$77,500, reduces Federal Block Grant Fund All Other allocation by \$4,571,186 and reduces Federal Expenditures Fund ARRA All Other allocation by \$1,505,268 in state fiscal years 2026 and 2027. This initiative can also be found on pages A-321, A-359, A-361, A-365, A-374 and A-378 and was previously discussed above under Division of Licensing and Certification – Z036.

Program	Page	SFY 2026						SFY 2027					
		Federal Expenditures Fund	Other Special Revenue Funds	Federal Block Grant Fund	Federal Expenditures Fund ARRA	Federal Expenditures Fund-ARP	Federal Block Grant Fund-ARP	Federal Expenditures Fund	Other Special Revenue Funds	Federal Block Grant Fund	Federal Expenditures Fund ARRA	Federal Expenditures Fund-ARP	Federal Block Grant Fund-ARP
0129	A-385	\$ -	\$ (77,500)	\$ (4,571,186)	\$ (1,505,268)	\$ -	\$ -	\$ -	\$ (77,500)	\$ (4,571,186)	\$ (1,505,268)	\$ -	\$ -
0140	A-374	\$ (105,000)	\$ -	\$ -	\$ -	\$ (1,382,751)	\$ -	\$ (105,000)	\$ -	\$ -	\$ -	\$ -	\$ -
Z034	A-365	\$ (1,469,248)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,469,248)	\$ -	\$ -	\$ -	\$ -	\$ -
Z036	A-321	\$ (884,177)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (884,177)	\$ -	\$ -	\$ -	\$ -	\$ -
Z198	A-361	\$ -	\$ -	\$ (1,872,874)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,872,874)	\$ -	\$ -	\$ -
Z199	A-378	\$ (4,040,153)	\$ -	\$ (6,530,972)	\$ -	\$ -	\$ (3,640,385)	\$ (4,040,153)	\$ -	\$ (6,530,972)	\$ -	\$ -	\$ (5,640,385)
Z206	A-359	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2,388,417)
Total		\$ (6,498,578)	\$ (77,500)	\$ (12,975,032)	\$ (1,505,268)	\$ (1,382,751)	\$ (3,640,385)	\$ (6,498,578)	\$ (77,500)	\$ (12,975,032)	\$ (1,505,268)	\$ (2,782,751)	\$ (11,167,277)

3. The next initiative (C-A-1906) on page A-385 provides funding to continue the Center of Excellence for youth behavioral health service providers, as described in the Department's Children's Behavioral Health Plan and as part of the DOJ settlement. The Center of Excellence is the training and resource hub for providers delivering new children's behavioral health services including the High-Fidelity Wraparound model. This initiative can also be found on page A-360.

Program	Page	SFY 2026		SFY 2027		
		General Fund	Federal Expenditures Fund	General Fund	Federal Expenditures Fund	
0129	All Other	A-385	\$ -	\$ 1,181,136	\$ -	\$ 1,574,849
Z206	All Other	A-360	\$ 1,154,355	\$ -	\$ 1,539,141	\$ -
Total			\$ 1,154,355	\$ 1,181,136	\$ 1,539,141	\$ 1,574,849

The next initiative (C-A-1906) on page A-385 provides funding to continue the Center of Excellence hub for youth behavioral health service providers, as described in the Department's Children's Behavioral Health Plan per the recommendation of the Department of Justice. This initiative increases Federal Expenditures Fund All Other allocation by \$1,181,136 in state fiscal year 2026 and \$1,574,849 in state fiscal year 2027. This initiative can also be found on page A-360.

4. The next initiative (C-A-2016) on page A-385 leverages additional federal match for an existing position in the Office of MaineCare Services. This initiative saves about \$30,000 General Fund annually.

The next initiative (C-A-2016) on page A-385 reallocates one Comprehensive Health Planner II position from 50% Federal Expenditures Fund and 50% General Fund to 75% Federal Expenditures Fund and 25% General Fund within the same program and adjusts funding for related All Other costs. This initiative reallocates one Comprehensive Health Planner II position within the Office of MaineCare Services to a higher Federal Financial Participation (FFP) rate as the work performed is 100% allowed at the enhanced rate. This initiative reduces General Fund Personal Services funding by \$29,922 in state fiscal year 2026 and \$30,139 in state fiscal year 2027 and All Other funding by \$1,814 in state fiscal years 2026 and 2027 and increases Federal Expenditures Fund Personal Services allocation by \$29,922 in state fiscal year 2026 and \$30,139 in state fiscal year 2027 and All Other allocation by \$2,557 in state fiscal year 2026 and \$2,562 in state fiscal year 2027.

5. The next initiative (C-A-1607) on page A-385 reallocates 21 positions within the Office of Aging and Disability Services (OADS) to align the duties being performed with the proper funding source. It also secures a higher level of Federal match and there is no impact to the program or employees as a result. This initiative can also be found on pages A-312, A-337 and A-375.

Program		Page	SFY 2026		SFY 2027	
			General Fund	Federal Expenditures Fund	General Fund	Federal Expenditures Fund
0129	All Other	A-385	\$ -	\$ 66,312	\$ -	\$ 66,804
0129	Personal Services	A-385	\$ -	\$ 897,605	\$ -	\$ 918,639
0140	All Other	A-375	\$ (674)	\$ -	\$ (674)	\$ -
0140	Personal Services	A-375	\$ (20,018)	\$ -	\$ (18,266)	\$ -
0420	All Other	A-337	\$ (5,053)	\$ -	\$ (5,053)	\$ -
0420	Personal Services	A-337	\$ (91,294)	\$ -	\$ (92,826)	\$ -
Z208	All Other	A-312	\$ (38,539)	\$ -	\$ (38,539)	\$ -
Z208	Personal Services	A-312	\$ (786,293)	\$ -	\$ (807,547)	\$ -
Total			\$ (941,871)	\$ 963,917	\$ (962,905)	\$ 985,443

The next initiative (C-A-1607) on page A-385 reallocates 21 positions and transfers and reallocates one Social Services Program Specialist II position within the Office of Aging and Disability Services Central Office program, Long Term Care - Office of Aging and Disability Services program and Developmental Services - Community program to align the duties being performed with the proper funding source. This initiative also adjusts funding for related All Other costs. This initiative increases Federal Expenditures Fund Personal Services allocation by \$897,605 in state fiscal year 2026 and \$918,639 in state fiscal year 2027 and All Other allocation by \$66,312 in state fiscal year 2026 and \$66,804 in state fiscal year 2027. This initiative can also be found on pages A-312, A-337 and A-375.

6. The next initiative (C-A-2126) on page A-386 provides allocation for Health Information Technology-related efforts, including the State-designated Health Information Exchange (HIE), funded by a new annual assessment on inpatient hospital beds to be collected by the Department. This initiative increases Federal Expenditures Fund All Other allocation by \$5,400,000 and increases Other Special Revenue Funds All Other allocation by \$1,800,000 in state fiscal years 2026 and 2027.

7. The next initiative (C-A-1601) on page A-386 establishes 7 positions to support the new Home and Community Based Services (HCBS) lifespan waiver. Recall the lifespan waiver is a new option to support Maine people living with Intellectual and Developmental Disabilities (IDD) and/or Autism to meet their changing needs as they transition through various stages of life, from childhood to adulthood. These positions would provide staffing and support for the newly eligible youth (ages 14 through 17), ensure quality and oversight as provider agencies adopt new and existing services, and provide training and educational resources to both clients and providers. This initiative can also be found on page A-312.

Program	Page	SFY 2026		SFY 2027		
		General Fund	Federal Expenditures Fund	General Fund	Federal Expenditures Fund	
0129	All Other	A-386	\$ -	\$ 35,321	\$ -	\$ 35,768
0129	Personal Services	A-386	\$ -	\$ 419,798	\$ -	\$ 439,919
Z208	All Other	A-312	\$ 25,396	\$ -	\$ 25,396	\$ -
Z208	Personal Services	A-312	\$ 419,827	\$ -	\$ 439,942	\$ -
Total			\$ 445,223	\$ 455,119	\$ 465,338	\$ 475,687

The next initiative (C-A-1601) on page A-386 establishes 3 Developmental Disabilities Resources Coordinator positions and 4 Public Service Manager II positions funded 50% Developmental Services - Community program, General Fund and 50% Office of MaineCare Services program, Federal Expenditures Fund for the new Home and Community Based Services (HCBS) lifespan waiver. This initiative also provides funding for related All Other costs. This initiative increases Federal Expenditures Fund Personal Services allocation by \$419,798 in state

fiscal year 2026 and \$439,919 in state fiscal year 2027 and All Other allocation by \$35,321 in state fiscal year 2026 and \$35,768 in state fiscal year 2027. This initiative can also be found on page A-312.

8. The next initiative (C-A-1603) on page A-386 reallocates 3 positions to align with duties being performed with the proper funding source and to secure a higher level of federal match. This initiative can also be found on page A-312.

		SFY 2026			SFY 2027	
Program	Page	General Fund	Federal Expenditures Fund	General Fund	Federal Expenditures Fund	
0129	All Other	\$ -	\$ 15,061	\$ -	\$ 15,129	
0129	Personal Services	\$ -	\$ 167,562	\$ -	\$ 170,494	
Z208	All Other	\$ (10,884)	\$ -	\$ (10,884)	\$ -	
Z208	Personal Services	\$ (167,562)	\$ -	\$ (170,494)	\$ -	
Total		\$ (178,446)	\$ 182,623	\$ (181,378)	\$ 185,623	

The next initiative (C-A-1603) on page A-386 reallocates 2 Social Services Program Specialist I positions and one Social Services Program Manager position from 100% Developmental Services - Community program, General Fund to 50% Developmental Services - Community program, General Fund and 50% Office of MaineCare Services program, Federal Expenditures Fund and adjusts funding for related All Other costs. This initiative increases Federal Expenditures Fund Personal Services allocation by \$167,562 in state fiscal year 2026 and \$170,494 in state fiscal year 2027 and All Other allocation by \$15,061 in state fiscal year 2026 and \$15,129 in state fiscal year 2027. This initiative can also be found on page A-312.

9. The next initiative (C-A-1602) on page A-386 establishes 2 positions in OADS for quality assurance work related to the new statutory licensing requirements for all waiver homes and personal care agencies. These positions will be focused on quality assurance and oversight and will work closely with the new DLC positions. This initiative can also be found on pages A-313 and A-375.

		SFY 2026			SFY 2027	
Program	Page	General Fund	Federal Expenditures Fund	General Fund	Federal Expenditures Fund	
0129	All Other	\$ -	\$ 5,124	\$ -	\$ 5,194	
0129	Personal Services	\$ -	\$ 72,255	\$ -	\$ 75,965	
0140	All Other	\$ 6,737	\$ -	\$ 6,737	\$ -	
0140	Personal Services	\$ 135,681	\$ -	\$ 142,254	\$ -	
Z208	All Other	\$ 3,369	\$ -	\$ 3,369	\$ -	
Z208	Personal Services	\$ 72,263	\$ -	\$ 75,970	\$ -	
Total		\$ 218,050	\$ 77,379	\$ 228,330	\$ 81,159	

The next initiative (C-A-1602) on page A-386 establishes one Public Service Manager II position funded 100% in the Office of Aging and Disability Services Central Office program, General Fund and one Public Service Manager II position funded 50% in the Developmental Services - Community program, General Fund and 50% in the Office of MaineCare Services program, Federal Expenditures Fund for quality assurance work. This initiative also provides funding for related All Other costs. This initiative increases Federal Expenditures Fund Personal Services allocation by \$72,255 in state fiscal year 2026 and \$75,965 in state fiscal year 2027 and All Other allocation by \$5,124 in state fiscal year 2026 and \$5,194 in state fiscal year 2027. This initiative can also be found on pages A-313 and A-375.

10. The next initiative (C-A-1604) on page A-387 provides funding to continue a contracted position to coordinate healthcare workforce initiatives at OADS. This position will coordinate and promote healthcare workforce development and retention efforts across OADS, such as the “Caring for ME” and “Careers with Purpose” campaigns to recruit new HCBS workers. This initiative can also be found on page A-375.

Program	Page	SFY 2026		SFY 2027		
		General Fund	Federal Expenditures Fund	General Fund	Federal Expenditures Fund	
0129	All Other	A-387	\$ -	\$ 156,537	\$ -	\$ 156,537
0140	All Other	A-375	\$ 153,247	\$ -	\$ 153,247	\$ -
Total			\$ 153,247	\$ 156,537	\$ 153,247	\$ 156,537

The next initiative (C-A-1604) on page A-387 provides funding to continue a contracted Director of Workforce Initiatives position funded 50% Office of Aging and Disability Services, General Fund and 50% Office of MaineCare Services, Federal Expenditures Fund to coordinate healthcare workforce related initiatives across the Office of Aging and Disability Services programs. This initiative also provides funding for related All Other costs. This initiative increases Federal Expenditures Fund All Other allocation by \$156,537 in state fiscal years 2026 and 2027. This initiative can also be found on page A-375.

11. The next initiative (C-A-2011) on page A-387 continues one limited-period Reimbursement Specialist position for the MaineCare casualty recovery team. This position helps to recover funding from private insurers and ensure that MaineCare is the payor of last resort, as required by federal law.

The next initiative (C-A-2011) on page A-387 continues one limited-period Reimbursement Specialist position previously continued by Financial Order 003589 F5 funded 50% General Fund and 50% Federal Expenditures Fund in the Office of MaineCare Services program through June 12, 2027 for the casualty recovery team and provides funding for related All Other costs. This initiative provides General Fund Personal Services funding of \$46,488 in state fiscal year

2026 and \$48,461 in state fiscal year 2027 and All Other funding of \$3,628 in state fiscal years 2026 and 2027 and increases Federal Expenditures Fund Personal Services allocation by \$46,494 in state fiscal year 2026 and \$48,466 in state fiscal year 2027 and All Other allocation by \$4,799 in state fiscal year 2026 and \$4,845 in state fiscal year 2027.

12. The next initiative (C-A-2006) on page A-387 continues 3 limited period positions for the development, implementation and oversight of certified community behavioral health clinics (CCBHC). Maine DHHS, led by the individuals in these positions, has been developing a CCBHC model for the past several years in close coordination with behavioral health providers, community partners, and state and federal partners. CCBHC is an evidence-based model for behavioral health care delivery and financing intended to improve outcomes and access to high-quality and comprehensive services.

The next initiative (C-A-2006) on page A-387 continues one limited-period Public Service Coordinator I position, one limited-period Social Services Manager I position and one Social Services Program Specialist II position previously continued in Public Law 2023, chapter 17 through June 12, 2027 funded 50% General Fund and 50% Federal Expenditures Fund in the Office of MaineCare Services program for the development and implementation of certified community behavioral health clinics. This initiative also provides one-time funding for related All Other costs. This initiative provides General Fund Personal Services funding of \$212,790 in state fiscal year 2026 and \$216,948 in state fiscal year 2027 and All Other funding of \$10,884 in state fiscal years 2026 and 2027 and increases Federal Expenditures Fund Personal Services allocation by \$212,796 in state fiscal year 2026 and \$216,959 in state fiscal year 2027 and All Other allocation by \$16,116 in state fiscal year 2026 and \$16,213 in state fiscal year 2027.

13. The next initiative (C-A-2004) on page A-388 establishes one limited-period position for a hospital reimbursement specialist. MaineCare spends more on hospital services than on any other type of service. This position will work on analysis related to hospital reimbursement as MaineCare continues its reimbursement reform and oversight efforts.

The next initiative (C-A-2004) on page A-388 establishes one limited-period Public Service Coordinator II position funded 50% General Fund and 50% Federal Expenditures Fund in the Office of MaineCare Services program through June 12, 2027 for hospital rate reform and provides funding for related All Other costs. This initiative provides General Fund Personal Services funding of \$65,781 in state fiscal year 2026 and \$68,927 in state fiscal year 2027 and All Other funding of \$3,628 in state fiscal years 2026 and 2027 and increases Federal Expenditures Fund Personal Services allocation by \$65,786 in state fiscal year 2026 and \$68,929 in state fiscal year 2027 and All Other allocation by \$ 5,308 in state fiscal year 2026 and \$5,386 in state fiscal year 2027.

14. The next initiative (C-A-2012) on page A-388 provides funding for contracted support in the Office of MaineCare Services to fulfill evaluation requirements related to the 1115 behavioral health and justice-related waiver. The 1115 waiver for re-entry of individuals from jails and

prisons is required by both federal and state law and this initiative requests funding for waiver evaluation services.

The next initiative (C-A-2012) on page A-388 provides funding for a contracted vendor funded 50% General Fund and 50% Federal Expenditures Fund in the Office of MaineCare Services program to serve as the federally required waiver evaluator for Maine's expanding behavioral health and justice-related waiver. This initiative provides General Fund All Other funding of \$62,500 and increases Federal Expenditures Fund All Other allocation by \$63,950 in state fiscal years 2026 and 2027.

Language

Language submitted on page **93, Part UU** is related to amending the MaineCare rate reform statute, which is 22 M.R.S.A. 3173-J. The proposal simplifies and consolidates statutory language related to MaineCare reimbursement, and stipulates that rate and reimbursement adjustments are subject to available appropriations. This allows the Department to postpone the cost of living adjustments for the upcoming biennium given the current budget environment. The language also proposes to align requirements regarding wage assumptions for essential workers to be under, and consistent with, the MaineCare rate reform statute. It does the same for Nursing Facilities. It also, among other things, defines a process for prioritizing rate adjustments when funds are limited. These proposed statutory changes allows MaineCare rate reform efforts to continue in a more constrained budget environment.

Language submitted on page **104, Part XX** establishes licensing fees and terms for agencies that provide services to adults with certain conditions. This is related to the new licensing standards enacted into law for personal care agencies and certain waiver homes.

Language submitted on page **106, Part ZZ** authorizes DHHS to transfer by financial order available Personal Services balances to All Other at Dorothea Dix Psychiatric Center and Riverview Psychiatric Center in order to provide flexibility while conducting hospital business and paying for operational expenses. The Department has had this authority for many years.

Language submitted on page **106, Part AAA** authorizes DHHS to transfer by financial order available All Other balances at the Department to support the Evergreen IT modernization project at OADS. There is not separate funding provided for this modernization project and this language assures that we have sufficient ongoing funding for it. The Department has had this authority for many years.

Language submitted on page **107, Part BBB** authorizes DHHS to transfer appropriations within the Office of Child and Family Services to administer the child welfare program. This language allows flexibility transferring funding across the two child welfare accounts, as needed. The Department has had this authority for many years.

Language submitted on page 107, **Part CCC** authorizes DHHS to transfer available Personal Services balances to All Other in the Office for Family Independence (OFI). OFI requires significant IT resources to carry out its mission and this language allows potential investment on a limited basis. The Department has had this authority for many years.

Language submitted on page 108, **Part DDD** allows the Department of Health and Human Services, Office for Family Independence program to carry up to \$1,217,885 to meet technology development and testing requirements. This funding was originally provided in Public Law 2023, chapter 412.

Language submitted on page 108, **Part EEE** allows the Department to transfer funds between the General Fund and Other Special Revenue accounts related to Section 9817 of the Federal American Rescue Plan Act of 2021, which is related to one-time Federal funding for Home and Community-Based Services.

Language submitted on page 109, **Part FFF** allows the transfer from MaineCare Admin UBF account to All Other to be used for the Medicaid Enterprise System modernization project. MaineCare is upgrading its core claims system in the coming years and this language specifies that the costs will be paid for from the MaineCare Admin UBF account.

Language submitted on page 110, **Part GGG** authorizes DHHS to transfer available balances between the MaineCare General Fund accounts for the 2026-2027 biennium. This is longstanding authority required to manage the MaineCare program and its 13 General Fund appropriations.

Language submitted on page 110, **Part HHH** lapses \$1,500,000 from the Maine Background Check Program, Other Special Revenue account to the unappropriated surplus of the General Fund no later than June 30, 2026. This lapse contributes funding to help balance the overall budget.

Language submitted on page 110, **Part III** authorizes DHHS to adopt emergency rules to implement provisions of this budget without the necessity of demonstrating that immediate adoption is necessary to avoid a threat to public health, safety or welfare. The Department has had this authority for many years and is needed in order to issue rules related to MaineCare in a timely manner.

APPENDIX A: Reclasses/Reorgs/Range Changes

Civil Service Rules require the Director of the Bureau of Human Resources to maintain the classification plan and establish the processes and procedures with which to do so. There is a long-standing process in place to evaluate proper classification of positions and determine through a functional job analysis whether a position meets the requirements for reclassification, including any pay adjustment. The State's collective bargaining unit agreements include negotiated language

related to this process. Actions may include changing classification or keeping the same classification, but changing pay range (usually referenced in blippie as range change). Requests may be employee initiated (usually referred to as reclass) or management initiated (usually referred to as reorganization). Approved employee-initiated actions include a retroactive pay component back to the date the request was signed. Reclass/reorg/range change initiatives in Part A of the budget are necessary to fund these approved actions, which is required before the action can be processed and paid. Reclass initiatives in Part B are self-funded.

1. The first initiative (C-A-1212) on page A-310 and A-365 provides funding for the approved reorganization of one Office Specialist II position to a Public Service Coordinator I position funded 60% General Fund and 40% Other Special Revenue Funds in the Department of Health and Human Services Central Operations program and one Public Service Manager II position from range 30 to range 31. This initiative also transfers and reallocates the Public Service Manager II position from 100% General Fund in the Multicultural Services program to 60% General Fund and 40% Other Special Revenue Funds in the Department of Health and Human Services Central Operations program and adjusts funding for related All Other costs.

Program		SFY 2026		SFY 2027	
		General Fund	Other Special Revenue Funds	General Fund	Other Special Revenue Funds
0142	All Other	\$ 4,354	\$ 4,674	\$ 4,354	\$ 4,718
0142	Personal Services	\$ 99,561	\$ 66,373	\$ 100,156	\$ 66,771
Z034	All Other	\$ (7,256)		\$ (7,256)	
Z034	Personal Services	\$ (150,725)		\$ (154,576)	
Total		\$ (54,066)	\$ 71,047	\$ (57,322)	\$ 71,489

2. The next initiative (C-A-1916) on page A-360 and A-386 provides funding for the approved reclassification of 2 Developmental Disability Resource Coordinator positions to Social Services Program Specialist II positions, retroactive to June 22, 2018 and provides funding for related All Other costs. This FJA was submitted on June 22, 2018 but was denied by the Bureau of Human Resources on March 18, 2021. The employees appealed the decision and it went to arbitration where the decision was overturned and approved on May 24, 2024.

Program		SFY 2026		SFY 2027	
		General Fund	Federal Expenditures Fund	General Fund	Federal Expenditures Fund
0129	All Other	\$ -	\$ 199	\$ -	\$ 214
0129	Personal Services	\$ -	\$ 8,470	\$ -	\$ 9,123
Z206	Personal Services	\$ 8,475	\$ -	\$ 9,120	\$ -
Total		\$ 8,475	\$ 8,669	\$ 9,120	\$ 9,337

APPENDIX B: Centralized Services

The Department of Administrative and Financial Services (DAFS) develops, delivers, and maintains centralized government systems that support the financial, human resource, physical and technological infrastructure of state government. The services are billed to agencies through Internal Service Funds

All components of an internal service fund, including staff, All Other and capital, are included in Internal Service Fund budgeting. Personal Services increases the result of collective bargaining, or any other Personal Services action, as well as increases to All Other costs for various reasons, including vendor increases or supply chain costs, etc. impact these budgets. Internal Service Funds are meant to recover the costs of providing the service. DAFS bills agencies for these services and the agencies pay the bills with All Other funds.

In this biennial budget, DAFS has adjusted these rates for all of the reasons outlined above, but primarily the result of significant collective bargaining efforts approved by the Governor and Legislature. Agency All Other funds are not increased in the baseline to reflect the increased costs of the Internal Service Funds, so statewide all agencies will include initiatives for additional All Other to cover these services.

DAFS Centralized Services Internal Service Funds include:

- *Service Centers within DAFS provide centralized accounting, payroll, budgeting and human resources services to departments and agencies.*
- *MaineIT is responsible for the delivery of safe, secure, and high-performing networks and systems to State Agencies for daily performance of their missions for the citizens of Maine. IT enterprise functions benefiting all state agencies are managed through this office to ensure consistency, volume discount efficiencies, and optimum performance and throughput.*
- *Central Fleet Management (CFM) within DAFS centrally procures, distributes and disposes of passenger and light truck vehicles. CFM handles many aspects of vehicle service including writing vehicle specifications, ordering vehicles, providing drivers with maintenance schedules, service assistance, fueling resources, insurance protection, and accident information processing.*
- *The Division of Risk Management within DAFS provides high quality insurance, loss control and claims services to all state agencies, the State's higher education institutions and some quasi-state agencies at the lowest possible cost.*

- *The Division of Leased Space manages leases encompassing office, warehouse, garage, storage, tower, classroom, mixed-use, and training spaces.*
- *Central Services within DAFS provides a wide range of mail services, including interoffice mail, as well as disposition of state surplus materials and equipment no longer needed by the state agency that purchased them. This group also manages federal surplus property.*

1. *The first initiative (C-A-1216) on page A-309 provides funding for statewide technology services provided by the Department of Administrative and Financial Services, Office of Information Technology. This initiative can also be found on pages A-306, A-323, A-326, A-335, A-371, A-385, A-398 and A-401.*

Program	Page	SFY 2026		SFY 2027		
		General Fund	Other Special Revenue Funds	General Fund	Other Special Revenue Funds	
0129	All Other	A-385	\$ 219,969	\$ -	\$ 199,255	\$ -
0137	All Other	A-335	\$ 769,070	\$ -	\$ 715,160	\$ -
0139	All Other	A-401	\$ 37,336	\$ -	\$ 37,336	\$ -
0142	All Other	A-309	\$ 242,871	\$ -	\$ 255,481	\$ -
0453	All Other	A-371	\$ 224,741	\$ -	\$ 224,741	\$ -
Z200	All Other	A-326	\$ 92,285	\$ -	\$ 92,285	\$ -
Z216	All Other	A-306	\$ 18,124	\$ 16,848	\$ 18,124	\$ 16,848
Z219	All Other	A-398	\$ 661,345	\$ -	\$ 620,375	\$ -
Z222	All Other	A-323	\$ 716,807	\$ -	\$ 675,837	\$ -
Total			\$ 2,982,548	\$ 16,848	\$ 2,838,594	\$ 16,848

2. *The next initiative (C-A-1213) on page A-309 provides funding for the Department's share of the cost for the financial and human resources service center within the Department of Administrative and Financial Services. The service center's expenses are higher due to negotiated and benefit changes to Personal Services as well as increases in operational costs. This recoupment process results in increased billing rates to agencies. This initiative can also be found on page A-387.*

Program	Page	SFY 2026			SFY 2027			
		General Fund	Federal Expenditures Fund	Other Special Revenue Funds	General Fund	Federal Expenditures Fund	Other Special Revenue Funds	
0129	All Other	A-387	\$ 178,895	\$ 183,045	\$ -	\$ 228,402	\$ 233,700	\$ -
0142	All Other	A-309	\$ 858,694	\$ -	\$ 585,744	\$ 1,096,327	\$ -	\$ 747,842
Total			\$ 1,037,589	\$ 183,045	\$ 585,744	\$ 1,324,729	\$ 233,700	\$ 747,842