



Testimony of Laura Cordes

LD 210 An Act Making Unified Appropriations and Allocations for the Expenditures of State Government, General Fund and Other Funds, 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.

Joint Standing Committees on Appropriation and Financial Affairs & Health & Human Services

February 12, 2025

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

Thank you for the opportunity to testify on the Governor's Biennial Budget, L.D. 210.

The Maine Association for Community Service Providers (MACSP) is 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 depend almost entirely on MaineCare reimbursement rates to support more than 5,000 adults and 2,000 children, with an estimated 9,000 direct service professionals delivering care across the state daily.

I am here today to ask you to restore funding to support annual COLAs and rate adjustments for pending MaineCare HCBS rate determinations and to reject the MaineCare Rate Setting System amendments as proposed in Section UU of the Governor's Biennial Budget, LD 210.

Restore COLAs for MaineCare Direct Care Services

You have already heard how essential **Cost-of-Living Adjustments (COLAs)** have been in stabilizing Maine's direct care workforce. After years of stagnant rates, **annual COLAs have been a lifeline**—helping retain thousands of direct support professionals, preventing service closures, and sustaining essential programs while providers await rate determinations.

Maine's direct care workforce crisis is driven primarily by wage competition. More than 90% of MACSP members report that staff leave for higher-paying positions. COLAs help bridge that gap, ensuring wages

remain competitive. *More importantly, state-supported COLAs send a clear message that this workforce is valued and essential.*

Yet, despite a statutory obligation (MRS Title 22, §3173-J), COLAs were not applied on January 1, 2025, nor was funding included in the Supplemental Budget to restore them. This budget proposal suspends COLAs for another two years, reversing hard-won investments in workforce stabilization and jeopardizing the reliability of direct care services.

If COLAs are not restored, providers will go three consecutive years without adjustments, making it even harder to keep pace with rising program costs and annual minimum wage increases.

Maine is already grappling with an acute workforce shortage, and the minimum wage has increased by 3.5% this year alone—from \$14.15 to \$14.65. COLAs are not a luxury; they are a necessity.

A recent survey of our members found that most community-based providers are under significant financial strain. Without COLA funding, providers report that they will be forced to:

- Delay wage increases for direct care staff.
- Limit or stop accepting new clients.
- Reduce or discontinue services for individuals with disabilities who rely on them.

Restoring COLA funding in this budget will honor Maine’s commitment to its most vulnerable residents and the workforce that supports them.

Fund Pending Rate Determinations for IDD & BI MaineCare Services

The current MaineCare Rate Setting System statute requires the state to review—or conduct a “rate determination”—for each MaineCare service rate on a rolling five-year cycle, with COLA adjustments in the intervening years. Now, as we enter the fourth year of this system, it’s important to recognize that providers in our field have waited patiently and in good faith for Home and Community-Based Services under MaineCare (Sections 18, 20, 21, and 29) to be adjusted within this first five-year cycle, as promised under current law. A MaineCare rate determination for core HCBS services was initiated at the end of 2023. This rate determination included a rate study compiling FY23 costs from our provider community last winter. We had been awaiting proposed rates for public comment and implementation of new rates along with the launch of the Lifespan Waiver in FY26 only to be told this past December that there would be no funding in the budget to support them.

Current MaineCare rates are outdated and have not undergone a transparent rate study process leading to new rates in over a decade. As a result, they fail to keep pace with rising program costs and the skyrocketing expenses of employer-based benefits like health insurance and workers’ compensation. Providers across the state are struggling just to meet basic health and safety requirements—when, in reality, our goal is to offer fully integrated, high-quality, person-centered services that go beyond the bare minimum. There is little to no crisis system for the people we support. These support services are a foundation of prevention and stability for

hundreds of individuals with the most complex needs, our work proactively prevents the use of the crisis system.

Inadequate rates and unpredictable funding will further destabilize an already fragile system - we are already at a breaking point. More than 90% of MACSP member organizations have had to turn away new referrals, stop accepting clients, or discontinue programs and services due to severe staffing shortages. Without the funding and rate determinations promised under the MaineCare Rate Setting System, we fear an even greater collapse—one that will leave individuals and families without the essential care they rely on.

Reject Section UU - Amendments to the MaineCare Rate Setting System

MaineCare Rate Reform and the rate-setting system 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, 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.

Thanks to the dedication of the Department and Legislature, Maine has made positive strides toward building a more sustainable and transparent MaineCare rate-setting system—one that is now nationally recognized. However, this proposal threatens to dismantle that progress. By making future COLAs and MaineCare rate increases “subject to available funding,” it undermines the very foundation of a reliable rate-setting system. A process for determining necessary rate adjustments is only as strong as the funding that supports it—without a commitment to funding the increases identified through this model, the system will quickly become unreliable and ineffective.

This proposal would inject uncertainty into provider payments, making it harder to plan for rising costs, maintain services, and retain a stable workforce, ultimately jeopardizing care for those who rely on MaineCare.

We urge you to reject Section UU and preserve the integrity of the MaineCare Rate Setting System.

MaineCare Section 21

As noted above, we strongly support restoring an annual COLA for all MaineCare rates. Additionally, we recognize the importance of fully funding the 2024 COLA for MaineCare Section 21—Home and Community Benefits for Members with Intellectual Disabilities or Autism Spectrum Disorder—as proposed in the budget.

It is our understanding that due to a miscalculation in a previous budget, the full cost of the 2024 COLA for this section was not accounted for. Without the proposed appropriation to correct this error, reimbursement rates for Section 21 services will be further reduced by 2.54%, placing additional strain on providers and jeopardizing essential services for those who rely on them.

Cost-Effective Solutions

In addition to funding the long-overdue rate adjustments from the pending HCBS rate determinations, we also urge the Department to collaborate with providers on cost-neutral and innovative solutions to better support individuals with the highest and most complex needs, such as:

- Transitioning Section 21 Residential Home Supports to a per diem model
- Expanding telehealth and remote monitoring services
- Appointing a Technology Champion to drive innovation

Lastly, we look forward to Speaker Fecteau's proposal to increase wages for direct care professionals and Representative Holly Stover's proposal to support the pending HCBS rate determination. We encourage your careful review of these initiatives as they progress, as both are essential to strengthening Maine's care system.

We recognize the difficult budget decisions before you and that the uncertainty at the Federal Level adds an extra layer of difficulty in forecasting for the next two years. We do not take lightly the challenges of balancing competing needs. This budget, however, would take us in the opposite direction from where we need to go. We urge you to uphold the state's commitment to MaineCare providers, the direct care workforce, the individuals we serve, and their families by rejecting the amendments to Section UU and fully restoring and appropriate funding for COLAs and pending rate determinations for the adult IDD/BI services in the Biennial Budget.

Thank you for your time and consideration. We welcome any questions and would be happy to provide additional information.

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