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THE MAINE SENATE
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**Joint Standing Committee on Health and Human Services on
LD 1443, An Act to Ensure the Financial Stability of Behavioral Health
Service Providers and Housing Assistance Providers
April 14, 2025**

Good afternoon, Senator Ingwersen, Representative Meyer, and honorable members of the Joint Standing Committee on Health and Human Services: I am Senator Rick Bennett of Oxford, and I have the honor of serving 14 communities in Western Maine in the State Senate. I am proud to sponsor LD 1443, "An Act to Ensure the Financial Stability of Behavioral Health Service Providers and Housing Assistance Providers."

Last session, I sponsored LD 2082, originally a bill to require DHHS to cover interest payments that service providers accrue due to extended delays in finalizing contracts. This committee amended the bill by turning it into a resolve, tasking the department to create a report reviewing the timeliness of payments made to grantees of behavioral health services and housing assistance contracts. It also required the department to identify reasons for delayed payments and the process for paying late fees.

Unfortunately, the problem that prompted last session's bill persists today. The department's own report indicates that nearly 1 in 5 behavioral health and housing assistance program providers are still not getting paid within a month of rendered services. Further, 9% of behavioral health and housing assistance program providers are not getting paid within 45 days.

As you can imagine, this arrangement is simply untenable for providers. It creates significant operational and financial constraints, particularly when considered against rising costs of providing services and maintaining staff. Most of these providers are already operating from a place of scarcity - between federal and state Medicaid and grant funding uncertainty and an increasing level of difficulty to access lines of credit, not receiving payments from the department is the straw that will break the camel's back. It will undoubtedly result in closures and reductions in programs for those who need them.

You will hear from providers today that they have had to get a loan or line of credit to cover immediate costs, costing their agencies (in the aggregate) upwards of \$1 million dollars in interest payments in recent years. This committee knows better than I that mental health agencies and providers of specialized housing are living very close to the edge and don't have money of their own to eat unpaid contracts and bills nor do they have extra cash budgeted for the cost of lines of credit.

Some of the most outrageous examples are listed below:

- One small behavioral health agency reported arrears of over \$200k in late payments, including \$70k in contract-related payments.
- One relatively small agency has had over \$50,000 dollars in interest in the last few years. That is \$50,000 that is not going to direct services, but to pay interest to a financial institution.
- A substance use disorder agency reported waiting over 4 months with no contract payments for a contract renewal to be encumbered. The agency had a maxed out line of credit with weekly payments of over \$2,000. They expected paying it off to take a year.

We have to find a way to ensure that providers who are already undertaking this public service on behalf of the State aren't forced to make the impossible decision between taking on debt and cutting services while they wait months for the State to renew their contract. That is exactly what this legislation works towards achieving.

I can imagine no other industry where such delays would be accepted. In the private sector, if business owner discovered there was such an issue being caused by increased volume, a plan would be developed to address it. Are more employees needed? Can some of the review process be automated? No business would acknowledge that there is such a significant problem without taking steps to solve it.

I want to be clear that I understand that sometimes delays in payments or contracts are unavoidable. This bill is not to cast blame or aspersions on the Department. It is merely ensures that normal business practices are used so that we are not inadvertently taking money away from direct service dollars and putting additional financial strain on agencies and services that are already underfunded.

Thank you for your consideration today. I urge you to vote "ought to pass" on LD 1443.