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Testimony of the Office of MaineCare Services  
Maine Department of Health and Human Services

Before the Joint Standing Committee on Health and Human Services

In opposition to LD 1878 -- *An Act to Establish a Managed Care Program for MaineCare Services*

Sponsor: Representative Stover  
Hearing Date: May 12, 2025

Senator Ingwersen, Representative Meyer, and members of the Joint Standing Committee on Health and Human Services. My name is Dr. Michelle Probert, and I serve as the Director of the Office of MaineCare Services (OMS) in the Maine Department of Health and Human Services. I am here today to testify in opposition to LD 1878, *An Act to Establish a Managed Care Program for MaineCare Services*.

The bill requires the Department to issue a request for proposals to contract with three managed care organizations to provide MaineCare services and establishes deadlines by which specific categories of eligible enrollees must be enrolled in the managed care program, beginning February 1, 2029. It also requires the Department to submit a report to the Legislature by December 3, 2025 detailing its plan for implementing the program within the timeline established by this legislation and includes a deadline of April 1, 2026 for the Department to submit all federal waivers and amendments necessary to implement this legislation.

It is not clear to us what objectives the sponsors wish to achieve for the MaineCare program with the suggested transition. Managed care is far from a panacea. Studies have not found that managed care produces cost savings, improved access to health care, or improved quality of care. While managed care may help states predict costs and allow states some additional flexibilities in benefit structure and some other program areas, once a state has implemented managed care, it can be very difficult to change the state's approach to delivery of services, changes rates, etc. What Maine would gain in predictability we could lose in responsiveness and control.

The Department is not opposed to all forms of Medicaid managed care or quasi-managed care, but is opposed to implementing managed care at this time and through the process articulated in this LD, especially in the absence of evidence that managed care leads to improved value of care. The significance of a transition like this cannot be understated. Moving to managed care would have a dramatic impact on all aspects of MaineCare, including but not limited to member experience, provider experience, provider reimbursement, and Department and provider operations. It will be costly and time consuming to design, implement and administer, requiring heavy vendor support in addition to significant changes to our claims processing systems, and would necessitate a full re-assessment and restructure of MaineCare's staffing. The resource commitment required to ensure a positive outcome would be all-encompassing and would supplant other major priorities such as hospital reform, Home and Community Based Services reform, primary care reform, and general operational improvements. Critical attention to our behavioral health system for children would be threatened. Perhaps most importantly at this time, major expected federal actions targeting \$880 billion in Medicaid savings nationally are now being proposed and will require swift, intensive state analysis and transformative action, which, in addition to severely constraining resources, would also impact how managed care would be structured and what the cost would be. For all of these reasons, this LD is also ill-timed.

Related to timing and putting aside the very real and immediate state and federal budget actions, the Department formally initiated rate reform in 2022 and established through 22 MRS 3173-J a 5-year timeframe by which all MaineCare services should be subject to rate review and reform. A reliable and data-driven reimbursement system is foundational to any Medicaid program, including those implementing managed care. The Department believes this initial 5-year cycle should be prioritized and completed before evaluating and making recommendations regarding a transition to managed care. The Department has already made great strides toward establishing sustainable reimbursement methodologies and value-based payments and strengthening the provider delivery system to address health care access issues and improve quality of care. Currently, over 55% of MaineCare payments are tied to value, including several value-based payment models that hold providers accountable for both the quality and cost of care. These include the Accountable Communities program, under which health system entities contract directly with the Department to share in achieved savings or, new in FY 26, share the burden of excess costs, with reward for quality health outcomes.

Even without the realities of today, this bill is unrealistic in its proposed timing and does not provide opportunity for a thorough evaluation of this option. The Department would require consultants and other support to complete state plan amendment and waiver submissions – this work alone would take at least 18 months. Throughout this process, it would be critical to engage meaningfully with MaineCare members directly so that they understand the changes to come. We would also need to connect with small, often community-based, providers to ensure they have the tools needed to successfully engage and negotiate terms with the large, mostly for-profit national health plans that hold significant market control over Medicaid managed care networks nationwide. Such an effort will require a level of resources that we do not have today.

I will end my testimony by noting two analytic investments and opportunities that may be of interest to this committee.

- On May 8, 2025, the Department released a Request for Proposal (RFP) to strengthen analytic and fiscal management supports of the MaineCare program. Once implemented, this work will provide a more data-driven foundation to evaluate whether managed care, in any scope or form, would be beneficial to Maine or if other fiscal management or service delivery changes may be preferable.
- The Department continues to be interested in opportunities to better serve and control costs for so-called “dual eligible” MaineCare members who are also enrolled in Medicare Advantage plans. The Department has been working with a vendor for the last several years to review internal operations and learn more about state options for providing a more efficient and integrated experience for this population. As this American Rescue Plan Act “9817” funded project ends in June 2025, we will evaluate any potential next steps internally and with interested parties and members/families.

I am happy to answer any questions you have. I will plan to attend work session to discuss the reality of what this LD would mean for the Department as a whole and engage in meaningful conversations about existing and near-term opportunities to achieve shared objectives.

Thank you for your time and attention. I would be happy to answer any questions you may have and to make myself available for questions at the work session.