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Testimony in support of LD 1878

An Act to Establish a Managed Care Program for MaineCare Services

Senator Ingwersen, Representative Meyer, and distinguished members of the Joint Standing Committee on Health and Human Services, I am Jack Ducharme, and I have the honor of representing the people of Madison, Norridgewock and Cornville in House District 71. I am here to testify in support of LD 1878, *An Act to Establish a Managed Care Program for MaineCare Services*. This bill is important to me because nearly 50% of the children of Somerset County participate in MaineCare at some level.

Transitioning MaineCare to a managed care model will achieve three key goals: budget predictability, timely provider reimbursement, and better health outcomes for Maine’s most vulnerable populations.

1. Managed Care Promotes Budget Predictability

Traditional fee-for-service (FFS) Medicaid systems often lack mechanisms to control rising healthcare costs, leading to budget volatility. Managed care organizations (MCOs) operate under capitated payment models, receiving a fixed per-member-per-month rate. This structure limits state financial exposure and enhances predictability in annual budgeting.

■ “States that contract with MCOs typically report greater control over costs compared to FFS models. Capitated payments help insulate states from unexpected utilization spikes.”


— Medicaid and CHIP Payment and Access Commission (MACPAC), “Medicaid Managed Care,” 2022

Furthermore, Maine is one of the few remaining states operating a largely unmanaged system. As of 2023, 41 states and DC had adopted comprehensive risk-based managed care, recognizing its fiscal advantages.

■ “Over 70% of all Medicaid beneficiaries nationwide are enrolled in managed care.”
— Kaiser Family Foundation (KFF), “Medicaid Managed Care Market Tracker,” 2023

2. Managed Care Ensures Timely Provider Payments


One of the persistent challenges in MaineCare has been delayed and unpredictable payments to providers. MCOs are contractually required to pay providers within specific timeframes, often 30 days or less, improving cash flow and provider retention.

 *“Managed care plans typically offer more consistent and timely payments compared to state-run FFS programs, enhancing provider participation.”*
— National Association of Medicaid Directors (NAMD), 2021


States like Michigan and Florida have seen provider satisfaction increase significantly after transitioning to managed care, largely due to improved administrative efficiency and faster claims processing.

3. Managed Care Improves Patient Outcomes

MCOs are incentivized to deliver preventive care, manage chronic diseases, and reduce avoidable hospitalizations, all of which improve health outcomes and reduce long-term costs. They are also held accountable through performance metrics and quality improvement programs.

 *“Managed care enrollees had lower rates of emergency department use and preventable hospitalizations.”*
— Health Affairs, “Evaluating the Impact of Medicaid Managed Care,” 2020

Additionally, MCOs often invest in care coordination, social determinants of health, and behavioral health integration, tools that are largely unavailable in FFS environments.

 *“States leveraging managed care have greater flexibility to address social needs, such as housing or food insecurity, that contribute to health disparities.”*
— Commonwealth Fund, “Transforming Medicaid to Improve Health and Well-Being,” 2022

The shift to Medicaid managed care is not a leap into the unknown—it is a proven, evidence-based model adopted by the majority of states. By transitioning MaineCare into managed care, Maine can:

- Gain control over healthcare spending;
- Ensure timely, predictable payments for providers;
- Improve patient health outcomes through coordinated, accountable care.

Our MaineCare program is unsustainable as presently constructed. Maine faced a MaineCare shortfall in FY 25 of nearly \$120 million. That shortfall is projected to be nearly \$123 in FY 26 and the same or more in FY 27. The shortfall isn't even funded in FY 27 which leaves an unknown hole in the budget calculations for the 2026-2027 Continuing services budget passed by the majority and signed by the Governor on March 21, 2025.

I urge the committee to support this legislation that authorizes the Department of Health and Human Services to begin the design and implementation of a managed care model for MaineCare. I understand that this process takes time and careful planning. However, like many decisions that we make in this building, the most difficult thing is the decision to make the change. The people of Maine who pay taxes to support MaineCare deserve to have leaders that will make the tough decisions to try a different path to sustain what so many, nearly 400,000 Mainers, have come to count on for their healthcare.

Thank you for your time and consideration. I am happy to answer any questions.

Cordially,

Jack Ducharme