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Testimony of Representative Holly B. Stover presenting
**LD 1878, An Act to Establish a Managed Care Program for
MaineCare Services**

Before the Joint Standing Committee on Health and Human Services

Good morning, Senator Ingwersen, Representative Meyer and distinguished members of the Health and Human Services Committee, I am Representative Holly Stover, and I'm pleased to present for your consideration **LD 1878, An Act to Establish a Managed Care Program for MaineCare Services**.

Some of you know that I have spent the last three decades working at the state and local level to serve children, families and vulnerable adults. I have worked in both Democratic and Republican administrations, working to provide behavioral health services, substance use disorder needs, social services, support for victim survivors of domestic and sexual violence, and more. Having worked at both the system and individual level, I have witnessed a disconnect in providing essential health services in a prompt, caring and coordinated way.

Maine is an outlier, one of only five states that continue to operate in a fee-for-service system.^{1, 2} According to the Kaiser Family Foundation, "For more than three decades, states have increased their reliance on managed care delivery systems with the aim of improving access to certain services, enhancing care coordination and management, and making future costs more predictable."³

As you know well, Maine's current financial challenges are driven almost entirely by utilization in MaineCare. The Supplemental Budget required \$118 million General Fund dollars to fill a budget hole in FY 2025. In the meantime, the Department of Health and Human Services has had

¹ www.medicaid.gov/medicaid/quality-of-care/medicaid-managed-care-quality

² www.kff.org/medicaid/state-indicator/share-of-medicaid-population-covered-under-different-delivery-systems/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D

³ www.kff.org/medicaid/issue-brief/10-things-to-know-about-medicaid-managed-care/

to cap provider payments at \$50,000 and lower hospital payments to 70% of the normal level.⁴ Moving Maine to managed care will lead to budget predictability and prompt and full payment for providers.⁵ In terms of prompt payment, many managed care organizations (MCOs) guarantee payment of clean claims within 10 days. Prompt payment will create predictability in cash flow for Maine hospitals and clinics trying to meet payroll.

So managed care is good for budget predictability for both the state and providers.

More importantly, done right, managed care will lead to better health outcomes.⁶ As you know, health outcomes are influenced by a range of factors beyond direct medical care. These social determinants of health—such as economic stability, education, transportation, housing, and safety—play crucial roles in the overall health of our population. In Maine, where many residents face socioeconomic challenges, it is imperative that our healthcare system evolves to address these issues comprehensively.

1. Enhancing Access to Services – in lieu of services (ILOS):

Managed care plans can use a special provision called in lieu of services (ILOS) to provide access to social services for members such as housing, workforce training, transportation, and social living supports.⁷ Fee for service Medicaid does not offer states this ILOS flexibility. When you overlay ILOS with intensive case management for the most vulnerable populations, managed care can ensure that individuals receive the support they need, which is particularly vital for those living in areas with limited healthcare resources.

2. Fostering Community Partnerships:

Implementing a managed care model allows for stronger collaboration between healthcare providers and community organizations. By fostering partnerships with local agencies, managed care can better address social needs—such as housing instability, lack of transportation, and food insecurity—that impact health. For instance, a managed care approach can help connect patients with local resources for nutrition and housing, thereby improving health outcomes and reducing overall healthcare costs.⁸

⁴ www.maine.gov/dhhs/oms/providers/provider-bulletins/attention-providers-potential-capping-mainecare-payment-cycles-2025-02-10

⁵ 42 CFR Part 447

⁶ www.macpac.gov/subtopic/quality-requirements-under-medicaid-managed-care/#:~:text=The%20EQRO%20must%20provide%20a,objectives%20in%20the%20quality%20strategy.

⁷ www.medicaid.gov/medicaid/managed-care/guidance/lieu-of-services-and-settings

⁸

www.commonwealthfund.org/sites/default/files/documents/media_files_publications_issue_brief_2013_apr_1687_silowcarroll_forging_community_partnerships_medicaid_managed_care_ib.pdf

3. Driving Better Health Outcomes:

Research has consistently shown that addressing social determinants of health leads to improved health outcomes. By integrating these considerations into the managed care model, we can create a system that not only treats illness but promotes overall wellness. A healthier population translates to lower healthcare costs, reduced emergency room visits, and a more productive community.

In conclusion, establishing managed care in MaineCare is a vital step toward creating a more effective and equitable healthcare system. By recognizing the importance of social determinants of health and integrating them into our care model, we can ensure that all Mainers have the opportunity to lead healthier and more fulfilling lives. By establishing managed MaineCare, we can achieve budget predictability and prompt payment for providers.