

In-Support LD 2125

Senator Ingwersen, Representative Meyer, and members of the Health and Human Services Committee, my name is John McAnuff, and I am the Chief Financial Officer at Sweetser, a nonprofit behavioral health provider that has served Maine children and families for nearly 200 years. I am here today in strong support of LD 2125. I want to be very clear about what this bill is responding to, because it is not a theoretical problem.

Over the past three years, Sweetser has experienced operating losses totaling approximately \$2.4 million in our children's residential care programs.

These losses were not the result of mismanagement or declining demand. They were driven by:

- MaineCare reimbursement rates that do not reflect the true cost of 24/7 residential care
- Rapid wage inflation for a historically underpaid workforce
- Rising operating costs across food, utilities, insurance, and regulatory compliance

As a result of these sustained financial losses, Sweetser made the difficult decision to close two residential facilities, eliminating 16 beds from Maine's already strained system.

These closures were not just balance sheet decisions; they had real human consequences.

- Children lost access to care close to home
- Remaining programs, emergency departments, and families experienced increased pressure
- Staff faced unsustainable pressure and burnout as resources tightened

Workforce challenges were a major driver of these losses. Because reimbursement rates did not allow us to remain competitive on wages:

- Turnover increased
- Staffing shortages became more acute
- Program stability was compromised, increasing risk to both clients and staff

At a certain point, operating under these conditions becomes unsafe, not just financially unsustainable. LD 2125 recognizes that time is the critical factor. The proposed \$1 million stabilization fund is not a long-term solution, but it is an essential stopgap to prevent further irreversible losses. From a financial perspective, this is a prudent investment. We know that the cost of a closed residential bed does not disappear, it simply shifts to emergency departments, out-of-state placements, and higher-cost systems. Once residential capacity is lost, it is extraordinarily difficult and expensive to rebuild.

If LD 2125 does not pass, I am deeply concerned that the remaining handful of providers will be forced to make the same decisions Sweetser already has, meaning:

- **Fewer in-state residential beds**
- **Longer waits for care**
- **More children languishing without proper treatment in emergency departments**
- **Greater overall cost to the State of Maine**

Sweetser's experience is not unique; it is emblematic of what is happening across the children's residential care system. LD 2125 will help stop the immediate bleeding. This bill is targeted, responsible, and urgently needed. It gives providers a chance to stabilize while broader reforms, such as the recent addition of this program area to the rate determination schedule. On behalf of the children and families we serve, I respectfully urge this committee to support LD 2125. Thank you for your time, and I would be happy to answer any questions.

John McAnuff

Chief Financial Officer