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Testimony of Representative Drew Gattine presenting
LD 2177, An Act to Update and Improve the MaineCare Reimbursement System
Before the Joint Standing Committee on Health and Human Services

Senator Ingwersen, Representative Meyer and colleagues on the Health and Human Services Committee, I am Representative Drew Gattine, and I am proud to serve House District 126, which includes portions of Saco, Scarborough and Westbrook. I am pleased to appear before you to present **LD 2177, An Act to Update and Improve the MaineCare Reimbursement System**, on behalf of the Department of Health and Human Services (DHHS).

DHHS will walk you through the specifics of this bill, but I want to explain to you why I agreed to present this on its behalf.

As you recall, in last year's proposed budget, the administration did not bring forward initiatives that would fund rate increases related to cost of living increases (COLAs) required by statute. In addition, there was language proposed by the administration (Part UU) that is very similar to language proposed in this bill, which would have 1) altered the timing of rate increases related to COLAs; and 2) explicitly acknowledged that rate increases contemplated by statute are dependent on appropriation. In this Committee's report back to the Appropriations and Financial Affairs Committee (AFA), there was a split on this committee on how to address the administration's proposed language, and a couple of different alternatives were proposed by this Committee in its report back to AFA.

Ultimately, the Legislature funded a partial rate increase in the budget to reflect a cost of living adjustment, but did not move forward with either Part UU as proposed by the Governor, nor did we include any alternative language options suggested by this Committee in its report back. We declined to make any changes in the rate determination process and told DHHS that if they wanted the legislature to consider changes that they should bring forward a clean bill that could be taken up by the policy committee, outside of the context of the budget. This Committee has the expertise and the jurisdiction and frankly has spent a tremendous amount of time working with the DHHS, advocates and providers to create a rational rate setting process.

So here we are.

I acknowledge this is a tough issue to be dropping in your lap, and I know that there are a lot of people in this room, people whose efforts I whole-heartedly support who, understandably, wish we weren't having this discussion. But this is an important conversation to have. MaineCare is a cornerstone of our health care system

and the work this Committee and the Department have done over the last few years to rationalize the rate determination process has been sorely needed and was long overdue. As a result, the Legislature and the Department together have invested significantly in programs and services while improving value and promoting accountability.

And there's a reason that we, collectively, included cost-of-living adjustments when the rate reform statute was negotiated: They keep care available, support workers, keep providers viable and promote healthy communities. But good intentions alone won't sustain these improvements.

But it is also fair to acknowledge that DHHS can't raise rates without appropriations. And it seems worthwhile to see if we can find a way to have the rate-setting statute provide clear guidance about what the expectations are when the funds are not there for DHHS to do what the statute directs it to do. There are a number of options and this bill sets forth the Department's proposed solution. Being honest about the reality of funding and reflecting it in statute doesn't weaken the MaineCare program; it should make it sustainable. If statute ignores budget realities, arguably it becomes politically vulnerable and more easily undone when leadership changes.

I know that there is real concern from providers and advocates about this bill. I know that this committee will take those concerns seriously and weigh carefully the impact of making any proposed changes to the established process.

Thank you.