



Testimony of Laura Cordes

LD 2212, the Governor's Supplemental Budget, An Act Making Supplemental Appropriations and Allocations from the General Fund and Other Funds for the Expenditures of State Government and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2026 and June 30, 2027.

**Joint Standing Committees on Appropriations and Financial Affairs and Health and Human Services
February 17, 2026**

Good afternoon Senator Rotundo, Senator Ingwersen, Representative Gattine, Representative Meyer, and esteemed members of the Joint Standing Committees on Appropriations and Financial Affairs and Health and Human Services.

Thank you for the opportunity to testify on LD 2212, the Governor's Supplemental Budget, for the fiscal years ending June 30, 2026 and June 30, 2027.

My name is Laura Cordes, and I am the Executive Director of the Maine Association for Community Service Providers (MACSP). MACSP represents nearly 100 community-based organizations delivering person-centered case management, educational, vocational, residential, and community-based supports, as well as specialized services, to more than 2,000 children and 5,000 adults with intellectual and developmental disabilities and brain injuries across Maine. These services are delivered by a dedicated workforce of approximately 9,000 direct support professionals and are foundational to supporting independence and inclusive and full lives in the community.

I am here today on behalf of MACSP's member organizations to respectfully urge the Committees to include funding for a 3.07 percent Cost-of-Living Adjustment (COLA) for FY27 for MaineCare direct care service rates.

In 2022, the Legislature adopted a Department-proposed MaineCare rate-setting system that addressed long-standing instability and underfunding in MaineCare reimbursement. Importantly this system established a five-year cycle for rates to be fully re-determined, and required that annual COLAs be applied in the years between rate re-determinations, to preserve the value of rates as minimum wage and costs rise.

This was not a minor technical change. It reflected a clear commitment—by both the Administration and Legislature—to predictability, transparency, and sustainability in rate setting.

For the first two years, that commitment was fulfilled.

Beginning in 2025, however, the rate reform framework adopted by the Legislature began to erode. Anticipating a 3.5% COLA last January, the Administration did not apply the change, nor did they propose what would be needed in the biennial budget to meet the obligation.

Last year, direct care workers, self-advocates, families and providers came before this Legislature to explain what this departure from a much lauded rate setting system, and commitment to Maine's direct care workers and the people they serve, meant to retaining a skilled workforce and sustaining programs. We remain deeply grateful that in response, *you* chose to partially restore COLAs—not because they were generous, but because they were necessary to prevent further destabilization of the workforce and services for thousands of Mainers who are aging or living with a physical, intellectual or developmental disability, brain injury, addiction or other behavioral health needs.

Those actions made a meaningful difference. At the same time, because the restoration was partial and the underlying cost pressures have continued, the gap has and will continue to grow without a COLA in the FY27 budget.

As illustrated in the table below, the culmination of decisions have resulted in MaineCare direct care rates falling 3.65 percent behind where they would be if COLAs had been fully applied, even as minimum wage and other costs have continued to rise.

Table 1. Implementation of MaineCare Reimbursement Rate Cost-of-Living-Adjustments under the Rate-Setting System* as adopted by the Maine Legislature in 2022

Year	Minimum Wage Effective January of Each Year	Year to Year % Increase of Maine's Minimum Wage	COLA <i>proposed</i> in Biennial and/or Supplemental budgets to meet statutory obligation* to apply COLAs to MaineCare rates	COLA added to final budget by legislature to meet statutory obligation* to apply COLAs to MaineCare rates	Difference
2022	\$12.75	4.94%			
2023	\$13.80	8.24%	8.24%	8.24%	-
2024	\$14.15	2.54%	2.54%	2.54%	-
2025	\$14.65	3.53%	0	1.95%	-1.58%
2026	\$15.10	3.07%	0	1%	-2.07%
2027			0		

*MRS Title 22, §3173-J: *Rate-Setting System For Development and Maintenance Of Sustainable, Efficient and Value-Oriented MaineCare Payment Models and Rates*

This growing gap is not theoretical—it directly limits providers’ ability to keep pace with minimum wage increases, address wage compression, and retain the direct care workforce needed to maintain stable services statewide.

COLAs have been a lifeline for MaineCare services. They have helped providers to stabilize services, avoid program closures, and make incremental progress toward competitive wages for the direct care workforce.

That progress is stalling and, in many cases, reversing. Direct care workers provide daily support—24 hours a day, 365 days a year—to some of Maine’s most vulnerable residents, on behalf of the State of Maine. Providers cannot absorb rising wages, healthcare costs, utilities, insurance, and other program expenses without predictable rate adjustments.

Agencies delivering adult IDD services—including employment supports, community supports, residential services, and specialized services for individuals who are aging or who have complex medical or behavioral needs—have participated in the rate reform process. We have planned, budgeted, and operated in good faith with the expectation that the statutory commitment to annual COLAs would be honored while rate determinations moved forward for HCBS MaineCare Sections 18, 20, 21, and 29.

The FY27 supplemental budget does not include funding for a COLA, nor— to the best of our knowledge — does it include funding to implement new HCBS service reimbursement rates resulting from rate studies initiated in the fall of 2023, and finalized in September of 2025.

Providers in our sector rely almost exclusively on MaineCare reimbursement to deliver state waiver services. We are operating in an extremely tight labor market, with stagnant or noncompetitive wages, delayed implementation of new rates, and inconsistent COLAs. Many programs are operating at a deficit, with little remaining statewide capacity to absorb rising labor, benefit, and program costs.

When COLAs are not funded, services become more fragile, workforce turnover increases, families experience disruption, and the state’s long-term costs rise due to crisis placements and service failures.

A recent MACSP Member Survey of more than 50 community based organizations found that:

- Over 90% of respondents agreed that the absence of a full, consistent annual COLA:
 - Makes it harder to recruit DSPs
 - Negatively affects the retention of experienced staff
 - Limits long-term compensation and benefits planning
 - Has negatively affected workforce morale
- 40% reported they are considering or planning to reduce a service line, consolidate services, or close a program due to a lack of COLA.

The 2022 rate-setting reform reflected a shared understanding that stable services require stable funding. Annual COLAs are the mechanism that keeps that system functional between rate re-determinations.

We respectfully ask the Committee to include funding for a 3.07 percent COLA for FY27, aligned with Maine's minimum wage increase percentage from 2025 to 2026. While this would not address prior shortfalls, it would help maintain the integrity of the rate-setting system and prevent further erosion of service rates.

Additionally, MACSP supports initiatives in the budget which will help sustain the important work of the Maine Developmental Services Oversight and Advisory Board (MSDOAB) with additional funding and, by allowing funds remaining at the end of any fiscal year to be carried forward for the next fiscal year.

Thank you for your time, your leadership, and your continued commitment to our workforce and the people who rely on these essential services.

I would be happy to answer any questions or provide additional information.