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Testimony of the Office of MaineCare Services
Department of Health and Human Services

Before the Joint Standing Committee on Health Coverage, Insurance, and Financial Services

LD 1196 – *An Act Regarding Targets for Health Plan Investments in Primary Care and Behavioral Health*

Sponsored by: Representative Sam Zager
Hearing Date: April 15, 2021

Senator Sanborn, Representative Tepler, and Members of the Joint Standing Committee on Health Coverage, Insurance, and Financial Services, my name is Michelle Probert, and I am the Director of the Office of MaineCare Services. I am here today to speak to some of the Department's concerns about LD 1196, *An Act Regarding Targets for Health Plan Investments in Primary Care and Behavioral Health*, and this bill's application in the MaineCare program.

First, in principle, we share the goal of increasing the share of spending on primary care and behavioral health services across payers. We agree that there are downstream benefits to investing in primary care services that help prevent and/or manage chronic illness.

This bill requires that MaineCare, the State Employee Health Plan, and all health insurance carriers in the state increase the amount that they spend on primary care and behavioral health as a percentage of their total spend each year from 2023 to 2026 and then maintain that level of spending thereafter. It would require that payers that are below the state median in any given year from 2023 to 2026 increase their following year's percentage by 2% plus the Consumer Price Index for medical care services; payers that are above the state median in any given year from 2023 to 2026 must increase their following year's percentage by 1% plus the Consumer Price Index for medical care services. It also states that the Department must meet the targets without increasing spending on total health expenditures and may also meet the targets by making supplemental payments focused on primary care and behavioral health care.

While many have concluded that growth caps and increased primary care and behavioral health spending are appropriate goals for commercial health insurance plans, which have historically paid specialty providers relatively more than primary care, the Medicaid program differs from commercial health insurance in a number of key ways that make the goals of this bill potentially inappropriate for MaineCare.

This bill focuses on relative amounts of spending for plans and proposes to measure MaineCare's spending against a benchmark set from commercial plans. The MaineCare program provides a different, vastly broader service array than commercial plans: for example, MaineCare provides critical home and community-based, long term services and supports to older adults and

individuals with disabilities, more generous behavioral health coverage, and case management for various populations. Spending on home- and community-based, long-term services and supports alone, services that are rarely if ever covered by commercial plans, comprises almost 45% of MaineCare's annual spending. MaineCare recently conducted an analysis as part of its Comprehensive Rate System Evaluation (RSE) comparing reimbursement rates for MaineCare services to those for the same services by other payers. This analysis demonstrated interesting findings in terms of scope of coverage as well as relative reimbursement. For behavioral health, Maine's commercial payers covered only 52% of the service codes MaineCare covers for outpatient services, 30% of codes for adult community-based services, 23% of the codes for Substance Use Disorder (SUD) services, and none of the codes for children's services. MaineCare rates for (non tobacco cessation-related) SUD services ranged from 143% to 210% of commercial rates. In short, comparing MaineCare's relative primary care and behavioral health spending to that for commercial insurers is not an equitable comparison.

In addition, unlike commercial health plans, control of MaineCare's reimbursement decisions often lays in considerable part with the legislature. As of the first week of April this session, over 35% of the bills presented with a potential effect on MaineCare call for rate adjustments. None of these bills cite data or a methodology to support the proposed percentage increases.

MaineCare shares the goal of this bill to ensure reimbursement levels that are appropriate to the value of services provided, taking into account the impact of those services on patient health and downstream costs. To this end, MaineCare is focused on implementing the recommendations from its RSE to right-size rates across the service spectrum and to incorporate value-based purchasing principles to ensure that providers have incentives and accountability to deliver desired outcomes. The Department has the goal to tie 40% of MaineCare spending to value-based reimbursement by the end of calendar year 2022. One of its numerous initiatives to achieve this goal is to participate in Primary Care First, a national, multi-payer initiative from the Center for Medicare and Medicaid Innovation to offer MaineCare primary care providers an opportunity to receive flexible, population-based payments to support increased access to patient-centered primary care.

Enactment of this bill may disrupt these plans by potentially requiring an increase in payments for some providers and a cut to those of others, which may not align with MaineCare's ongoing analysis of the appropriateness of current rates and the broader impact of these rates and reimbursement methodologies on our healthcare system and patient outcomes. This bill would also lead to many time-consuming rulemakings, amendments to seek federal authority, and claims system changes. Should this LD move forward, the Department has additional methodological questions and concerns regarding which expenditures would be used in assessment and the parameters for when a plan is subject to the required 1% increase.

Thank you for the opportunity to provide this input and make you aware of our concerns. I am happy to address any questions you have now or at the work session.