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April 6, 2021

Senator Ned Claxton, Chair
Representative Michelle Meyer, Chair
Members, Joint Standing Committee on Health and Human Services
100 State House Station
Augusta, ME 04333-0100

Re: LD 1135 – *An Act Regarding Substance Use Disorder Treatment Services and Increasing Reimbursement Rates for Those Services*

Senator Claxton, Representative Meyer, and Members of the Joint Standing Committee on Health and Human Services:

This letter is to provide information on LD 1135, *An Act Regarding Substance Use Disorder Treatment Services and Increasing Reimbursement Rates for Those Services*.

This bill includes a statutory requirement for substance use disorder treatments to comply with trauma-informed principles of care according to the United States Department of Health and Human Services, Substance Abuse and Mental Health Services Administration (SAMHSA). The bill also requires the Department to amend its rules in Chapter 101: MaineCare Benefits Manual, Chapter III, Section 65, Behavioral Health Services, to increase reimbursement for substance use disorder outpatient services by 25%; it also requires a 25% increase in reimbursement for services provided under Chapter II, Section 97, Private Non-Medical Institution Services, Appendix B, Principles of Reimbursement for Substance Abuse Treatment Facilities, except for detoxification services, and requires the methodology for reimbursement for detoxification services to be cost-based. The bill also requires the Department to amend rule Chapter 101: MaineCare Benefits Manual, Chapter II, Section 97, Private Non-Medical Institution Services, to change the limitations on the number of days for certain residential treatment services.

The Department agrees that it is important to support trauma-informed practices and principles and to require the provider community to adopt such principles. To that end, the Department supports a statutory amendment, in alignment with SAMHSA, requiring that services funded by the Department be trauma-informed. If the intent of this bill is for the Department to develop and provide training to support trauma-informed practices and principles, then there would be an additional cost.

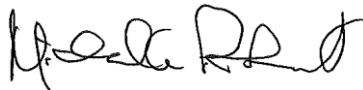
Through its federal Support for ME grant, the Department has been working to evaluate and improve capacity in the SUD service system, including efforts to reduce stigma around SUD. This Support for ME work has already identified the suggested changes in LD 1135 regarding service limits in Section 97 as one of several opportunities to support individuals receiving this necessary residential service support. The Department is already in the process of developing rules to reflect these recommended updates.

Regarding the rate increases for sections 65 and 97, we agree that updates may be appropriate for a number of services, but an across the board increase of 25% would be too blunt and premature a change. Specific to section 97, Appendix B, the Department currently has a rate study in progress funded through the Support for ME grant; draft rates were shared with providers on Monday, March 29, 2021 and the Department's vendor is currently accepting public comments, with final proposed rates being available mid-late May. The Department will be evaluating whether a request for additional funding is appropriate to implement these recommended rates. The Department does not advise transitioning reimbursement for detoxification services to a cost-based methodology. A cost-based approach to reimbursement does not provide any incentive for cost control and can also result in inequitable payment across providers. The Department's recently concluded Comprehensive Rate System Evaluation recommend that MaineCare transition away from cost settlement reimbursement approaches.

Specific to Section 65, the Comprehensive Rate System Evaluation showed that there is a great deal of variation in how rates for MaineCare's SUD services compare to rates from other state Medicaid programs, from a low of 59% of comparison state Medicaid rates to a high of 168%, and a median of 80%. By comparison, MaineCare rates averaged 103% of the median commercial rate for SUD services offered by commercial carriers in Maine. In other words, the need for and appropriate adjustment amount will likely vary service by service and require further analysis. This is why Myers and Stauffer recommended a rate study for any Section 65 services that cannot be based on a Medicare rate, and the Department is currently in the process of determining its proposed timing for a Section 65 rate study. Additionally, the Department currently has a rate study in progress on SUD Intensive Outpatient Program services; draft rates were shared with providers on Friday, March 26, 2021 and the Department's vendor is currently accepting public comments, with final proposed rates being available mid-late May. The Department will be evaluating whether a request for additional funding is appropriate to implement these recommended rates.

We wanted you to be aware of the above information as you consider this bill going forward. If you have any further questions, please feel free to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Michelle Probert". The signature is fluid and cursive, with the first name being more prominent.

Michelle Probert
Director
MaineCare Services