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Governor

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Commissioner



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April 15, 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 415 – *Resolve, Directing the Department of Health and Human Services To Increase MaineCare Reimbursement Rates for Targeted Case Management Services To Reflect Inflation*

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

LD 415 – *Resolve, Directing the Department of Health and Human Services To Increase MaineCare Reimbursement Rates for Targeted Case Management Services To Reflect Inflation* directs the Department to amend its rule Chapter 13, Targeted Case Management (TCM) Services to increase reimbursement rates for targeted case management services by a percentage equivalent to the cumulative increase in costs measured by the United States Department of Labor, Bureau of Labor Statistics Consumer Price Index medical care services index in each year from 2010 to 2020.

The Department is committed to ensuring that payments to MaineCare providers support access, equity, and quality health care for MaineCare members. Toward this end, and responsive to the request of this Committee, in 2020 the Office of MaineCare Services contracted with Myers and Stauffer, a national accounting firm, to conduct a rate evaluation of MaineCare rate system, including a rate comparison study of all MaineCare services. The Comprehensive Rate System Evaluation compares MaineCare rates to those paid by Medicare, commercial plans, and certain other state Medicaid programs; makes recommendations to streamline and rationalize MaineCare's system; and recommends a prioritization of MaineCare services for adjustments and/or study.

The timeline of Myers and Stauffer's work was adjusted as a result of the coronavirus pandemic, but progress has been made with significant stakeholder engagement, and the evaluation is nearly complete. Because of the delay, as well as the pandemic's impact on the economy, the Department did not propose any rate adjustments outside of those included in the Governor's biennial budget submission. Based on the completed evaluation, the Department will determine which recommendations to adopt and develop an implementation plan that aligns with broader priorities.

Changes to reimbursement rates should be conducted as part of a comprehensive plan to rationalize MaineCare's rate system, designed to prioritize services where rate and/or rate methodology changes are most warranted. Myers and Stauffer's evaluation proposes such a plan, based on factors including: guiding principles for rate methodologies based on best practices for rate

development across state Medicaid agencies and Medicare; the assessment of MaineCare rates in comparison to rates for comparable services by other payers; how long it has been since the last update to rates; the Department's strategic goals, including those related to Alternative Payment Models (APMs); and evidence of member access issues related to rate adequacy.

Myers and Stauffer categorized services into 4 priority groupings for rate study and adjustment in their Interim Report issued on January 20, 2021. Review of TCM rates is in the top priority group. The Department is in the process of reviewing Myers & Stauffer's recommendations and Implementation Plan in order to determine what recommendations and timing it will adopt.

The evaluation also included a Benchmark Report that compared MaineCare's rates for all eight TCM codes, totaling \$37.4 million in CY19, to the rates in four other Medicaid states and found that MaineCare's rates were on average 14% higher – from a low of one code being 96% of comparison to a high of another code being 118% of comparison – and that overall, TCM spending would have been \$4.1 million lower if Maine's rates were equal to the comparison rates.

Similarly, a rate study that included TCM services was done in 2016-17, but the rates were not implemented by the Legislature because the study found that the rates at that time were too high and should be lowered.

Despite those two findings, Myers and Stauffer and the Department agree that the Department should conduct additional analysis to account for any unique health care needs of Maine's TCM population as well as state-specific economic factors and other variable that may impact the cost of care in Maine.

In conclusion, we understand providers face challenges related to reimbursement for some services, but we also believe, as this committee does, that establishing a rational reimbursement system is in the long-term best interest of the Department, providers, and the Legislature itself. Adjusting provider reimbursement rates without an eye for consistency and equity with other services, as this LD contemplates, would be inconsistent with this long-term effort, and therefore the Department does not support the LD.

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", written in a cursive style.

Michelle Probert
Director
Office of MaineCare Services