



LD 1528: Resolve, Directing the Department of Health and Human Services To Adjust Reimbursement Rates for Certain Home-based Services"

April 27, 2021

Senator Claxton, Representative Meyer, and members of the Joint Standing Committee on Health and Human Services, my name is RJ Gagnon and I am resident of Turner. I am the Chief Financial Officer with Androscoggin Home Healthcare + Hospice – Maine's largest independent non-profit home healthcare organization providing health, hospice and care management to more than 180 communities across nine Maine counties. AHHH is also a longstanding member of the Home Care & Hospice Alliance of Maine. Thank you for the opportunity to testify in support of LD 1528 as presented by Representative Stover.

While my colleagues representing licensed agencies are directing their testimony to Sec. 1 (increasing RN and LPN reimbursement rates for home-based services), my comments focus on Sec. 2 and the urgent need to index the reimbursement rates for certain home-based services provided under rule Chapter 101: MaineCare Benefits Manual, Chapters II and III, Section 40 to the low-utilization payment adjustment rate.

A core function of my job is to support financial sustainability within my organization's various service lines; under the current payment model I struggle to achieve that for our Medicaid patients. With the current rate structure, it is increasingly difficult to achieve financial stability when the reimbursement rate is 17% less than the cost to provide nursing care to our Medicaid patients and is approximately 17% below the national visit cost benchmarks for home health services.

The indexing to the Medicare low-utilization payment rate is critical for provider financial sustainability as the proposed rate increase is within 1% of national visit cost benchmarks, more closely aligning rates to our cost structures and driving financial sustainability.

In January 2021, the Department of Health and Human Services released [MaineCare's Comprehensive Rate System Evaluation Interim Report](#). Listed on page seven of this 150-page Report are recommendations for a consistent and standard basis for developing (and updating) rate methodologies based on interviews with Department staff and stakeholder input:

- Use Medicare methodologies and fee schedules where they exist, which may limit administrative burden for MaineCare staff and providers, especially those who also bill Medicare. Medicare methodologies and fee schedules are updated annually and provide a logical and tested basis for rates.
- Use consistent percentage benchmarks of the Medicare fee schedule. Even when a change to a consistent Medicare benchmark is fiscally neutral overall for a section of policy, it is important for purposes of promoting consistency and equity. Providers shared that they may currently base their business model around providing certain services where codes were added in more recent years and thus paid at a proportionally higher rate than for other services. This can result in a delivery system where availability of services may be driven disproportionately by differential rates versus by member access needs.

I am encouraged to see the State of Maine consider the precedence set by other states (including Washington, Oregon, Colorado, and others) to index Medicaid rates to the Medicare low-utilization payment rate. This change comes at a critical time. Maine is the oldest state in the nation which oftentimes translates to increased demand for services, including home health services. An increase in rates will hopefully afford more home healthcare providers the opportunity to provide much needed care to Medicaid patients, increasing their access to timely quality care.

Indexing will not only allow financial sustainability and improved access for patients; it will allow providers to focus their time, energy, and resources to providing patient care—not arguing for fair payment or negotiating rates every few years.

Rep. Stover, thank you for sponsoring this critical bill for our industry. Increased rates will help ensure Mainers continue to have access to quality care in the safety and comfort of their home. I am happy to answer any questions and look forward to being a resource during the work session.

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