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May 6, 2022

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

RE: LD 1469, *Resolve, To Provide Add-on Payments for Ambulance Services Reimbursed by the MaineCare Program and To Increase Reimbursement Rates for Physical Therapy under the MaineCare Program*

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

I am submitting this letter to provide you with an update on Resolves 2021, Ch. 118 (LD 1469), *Resolve, To Provide Add-on Payments for Ambulance Services Reimbursed by the MaineCare Program and To Increase Reimbursement Rates for Physical Therapy under the MaineCare Program*.

The Department has not been able to convene a workgroup during this time due to capacity constraints and competing priorities. However, the Department devoted significant resources to the evaluation of cost-based reimbursement, including multiple opportunities for stakeholder feedback regarding this and other methodologies, during its Comprehensive Rate System Evaluation conducted beginning last Fall of 2020 through March 2021. MaineCare received many comments from providers that are subject to cost reimbursement regarding the administrative complexity and burden of this system.


Myers and Stauffer, the vendor who conducted this evaluation, in their findings to the Department wrote that cost-based reimbursement “provides little incentive for the provision of high quality, integrated, coordinated, and effective care... can be costly to administer for the Department and...[does] not include other incentives for cost efficiencies.” Their recommendation, and the direction the Department is moving to wherever possible, is to develop *prospective* rates that encourage cost efficiencies.

The Department already benchmarks 100% of Medicare for ambulance services with Medicare codes, and, per LD 1469, have recently implemented differentiation of super rural, rural, and urban rates. For ambulance services that do not have Medicare codes, MaineCare’s rate system evaluation indicated in Fall 2020 that MaineCare rates averaged over 240% of the average rates for five comparison state Medicaid agencies. Most of the spending on these codes is concentrated in ground mileage reimbursement, for which Maine’s reimbursement equals just under 205% of

the average rate for the comparison state Medicaid rates from the rate system evaluation. The Department plans to conduct a future rate study for these non-Medicare codes.

Additionally, it should be noted that this Committee unanimously supported LD 1867, now Public Law 2022, Ch. 639, *An Act to Codify MaineCare Rate System Reform*. This law provides a structure for routine, transparent, and data-driven review and updates to MaineCare reimbursement rates for all services. Adherence to this process will ensure that MaineCare payment for ambulance services are reviewed and updated alongside other services so they can better maintain alignment with provider needs to render the quality services MaineCare members deserve.

Sincerely,

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

Michelle S. Probert
MaineCare Director