



Department of Health
and Human Services
*Maine People Living
Safe, Healthy and Productive Lives*

Paul R. LePage, Governor

Mary C. Mayhew, Commissioner

Department of Health and Human Services
11 State House Station
Augusta, Maine 04333-0011
Tel.: (207) 287-3707; Fax (207) 287-3005
TTY Users: Dial 711 (Maine Relay)

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Congressman Tom Price, U.S. Secretary of Health and Human Services Nominee
Office for the Secretary of the Department of Health and Human Services
The Hubert H Humphrey Building
200 Independence Avenue, SW
Washington, DC 20201

Dear Congressman Price:

I am writing this letter to describe a series of critical changes that Maine intends to pursue this year to reform our Medicaid program. These reforms will be instrumental to Maine as we continue our spirited comeback from the days of annual and semi-annual budget deficits, bloated government and a broken economy.

The State of Maine has an important story to tell the Nation. For decades, our little state in the corner of the country expanded its Medicaid program, MaineCare, far beyond the original scope of the program. Instead of providing a basic medical safety net to poor children, the elderly and the disabled, Maine used hundreds of millions of Maine taxpayer dollars, and billions of federal tax dollars, to turn Medicaid into an entitlement program for working-age, able-bodied adults. When Governor Paul LePage took office in 2011 more than 350,000, 1 out of every 4, Mainers were getting MaineCare and the state regularly faced budget shortfalls of hundreds of millions in tax dollars. The program had doubled in enrollment and cost in 10 years.

Aggressive efforts by the Governor, our Department and a few prudent leaders in the Maine legislature have led Maine back from the brink and onto the path to fiscal stability. But more must be done to strengthen our ability to further prioritize our limited resources for the most vulnerable populations in our state. Today, our MaineCare program serves 270,000 individuals, just over 20% of Maine's population. This represents a 22 percent reduction in enrollment since Governor LePage took office in 2011.

We are a "non-expansion" state, which has proven to be one of the most prudent decisions Maine has ever made. Instead of covering even more able-bodied adults, Maine has been able to prioritize our limited resources for our children, elderly and the disabled. Not only has Maine successfully moved away from the perpetual crisis management of the Medicaid program, we have also increased our financial support for our nursing facilities, homecare agencies, primary care, and critical home and community services for individuals with intellectual and developmental disabilities.

As we continue our work to maintain fiscal discipline and stability in our Medicaid program and to ensure that it is supporting our most vulnerable Mainers, we must have greater

flexibility at the state level to implement these reforms. We need your help. Please find below a description of the reforms that we will seek through 1115 demonstration waivers that will help

move Maine forward in the best interests of those who truly need to depend on the critical services and supports within the Medicaid program. Our reforms are centered on work, personal responsibility and flexibility for the state. They are vital to our continued success.

Work Requirements

Throughout the LePage administration, Maine has sought to incentivize employment for all individuals who are able to work. Employment provides not only monetary compensation, but daily structure and a sense of pride that no government program can replicate. Currently, neither employment nor education are requirements of participation in Medicaid. In fact, Medicaid often incentivizes an individual to stay out of the workforce entirely, or remain underemployed, to protect the taxpayer subsidized MaineCare (Medicaid) benefit.

For these reasons, Maine intends to propose a work or education requirement for able-bodied adults in the Medicaid program. The details of these requirements will be outlined in our 1115 waiver proposal. However, we anticipate that they will be similar to the federally required TANF work requirements or the work requirements for Able-Bodied Adults Without Dependents (ABWAD) in the SNAP program. When Maine implemented work requirements for ABWADs in SNAP, the earned income of those who left the SNAP program rose 114% in just one year.

Time Limits

Maine will seek approval to limit “able-bodied” adults’ eligibility for Medicaid to a lifetime period of five years, with limited exemptions.

NET as an Optional Service

Non-emergency transportation (NET) represents an enormous cost driver for the state of Maine. We currently deliver NET through a 1915(b) waiver, using a regional brokerage model. While this model has helped us to gain a greater degree of control and accountability over unnecessary trips, it remains difficult to ensure that members are accessing all other available transportation (such as low cost public transportation or natural supports) before leveraging the NET system. NET costs continue to rise in Maine, straining a very limited regional transportation system.

We intend to propose a plan whereby NET services would be provided only in situations where the underlying service to or from which the member is being transported is a required Medicaid service. We also intend to request the ability to put into place more stringent requirements for members to access existing transportation resources (such as

public transportation) before accessing NET. Additionally, able-bodied adults will not be eligible for this service under our plan.

Cost Sharing Initiatives

Cost-sharing – premiums

Maine will seek approval to require reasonable monthly premiums for adults on the MaineCare program. The premium would be limited to populations who have the ability to earn income and tailored to an amount reasonable for their capacity to earn.

The purpose of this cost sharing mechanism is to support a level of personal responsibility for covered members. Premiums would be scaled based on income and capped so as not to exceed a modest limit. All premium payments would contribute to the overall funding of the MaineCare program to help reduce the burden on Maine taxpayers for the program.

Maine will propose that members who consistently fail to pay required premiums be removed from the MaineCare program for a set period, potentially six months. After this period, members will be allowed to re-enroll and will be able to remain enrolled if premiums are paid.

Cost sharing – coinsurance

Maine will be proposing the extension of cost sharing responsibility in the form of co-insurance to the following:

1. Monthly coinsurance of a set amount (approximately \$20) for all members. This coinsurance could be waived in the event the member did not access any services in a given month.
2. Maine proposes to extend cost sharing for use of the emergency department to all members. We anticipate requiring a set amount of approximately \$20.

This proposed extension of cost sharing is to engage individuals in taking responsibility for their own health. When an individual has no financial liability for their healthcare, there is little incentive to maintain one's own health. As regards the emergency room, there is little incentive, beyond perhaps wait times, to avoid the use of the emergency room, particularly in non-emergent situations. Adding a requirement for cost sharing would create an expectation for individuals to remain personally responsible for their own health and healthcare. These coinsurance fees will be submitted directly to MaineCare through the same process as the premiums.

Cost sharing – fees for missed appointments

Maine will seek approval to allow providers to seek nominal fees for missed appointments. Missed appointments are a significant problem for many MaineCare providers. When a member misses an appointment without notice, not only is the provider denied payment for the missed appointment, but other members, who could potentially have been seen in that time slot, miss an opportunity for care. We believe that requiring members to pay a small fee for missing appointments without providing notice would help to alleviate this stress on our providers.

Asset Test

Our program would benefit from applying a reasonable asset test to Medicaid, similar to the asset test utilized in the SNAP program. Individuals who have significant assets, like a million dollar home, multiple recreational vehicles, high-grossing businesses or thousands of dollars in bank accounts should likely be either ineligible for MaineCare coverage or be required to contribute financially toward the cost of their MaineCare services. We will be requesting a specific waiver to implement an asset test in our Medicaid program.

Retroactive Eligibility

Maine would like to waive the retroactive coverage of services incurred during the 90 days prior to Medicaid eligibility.

We appreciate your review and consideration of these program changes for Maine's Medicaid program and we look forward to sharing the formal waiver request with you very soon. We are confident that these reforms will directly benefit the long-term success of able-bodied Mainers with a pathway back to employment and financial independence, further our efforts to prioritize our most vulnerable populations, and establish increased financial accountability to benefit the taxpayers of our state and country.

Sincerely,



Mary C. Mayhew
Commissioner

MCM/klv

cc: Paul R. LePage, Governor
Seema Verma, Nominee – Administrator for the Centers for Medicare and Medicaid Svcs.