



## Testimony of Brenda Peluso on Behalf of Maine's Essential Care & Support Workforce Partnership

Delivered on February 12, 2025

**In Favor of LD 210 with the exceptions** - An Act Making Unified Appropriations and Allocations from the General Fund and Other Funds for the Expenditures of State Government and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2025, June 30, 2026 and June 30, 2027

Dear Senators Rotundo and Ingwerson, Representatives Gattine and Meyers, and esteemed members of the Joint Standing Committees of Appropriations and Financial Affairs and Health and Human Services,

My name is Brenda Peluso, and I am the coordinator for Maine's Essential Care & Support Workforce Partnership, a broad coalition of employers, workers, and concerned individuals working to increase access to quality direct care and support in Maine by changing the way we value workers and the work they do.

I am testifying in favor of LD 210 generally, but I urge you to reject the proposed language changes in Part UU and increase the MaineCare budget to cover the all costs related to the award-winning Rate Setting Process established in 22 M.R.S.A [§3173-J](#) and [§7402](#).

We appreciate the work the Legislature and the State have done so far to protect MaineCare and we also understand that the uncertainty at the Federal Level adds an extra layer of difficulty in forecasting for the next two years. However, this budget represents a step backward, not forward - more than half of the proposed cuts come from reducing the reimbursement rates that employers receive for the labor provided by frontline workers.

MaineCare and the reimbursements to providers who employ the essential care & support workforce are the foundation of our care system. Together, they ensure access to essential services - services that allow Maine people to live with dignity and wellbeing. Because our direct care workforce is already strained, many Maine people who need assistance with activities of daily living are facing serious challenges, including worsened physical and mental health, higher risk of falls and injuries, hospitalization, neglect, institutionalization, and even homelessness and death.

The Rate Setting system that the State, the Legislature, and stakeholders worked hard to design and implement has been paying off in growing the direct care workforce and increasing access to care, but the progress is fragile and we need to be persistent and committed to building an effective and sustainable system. We still have ground to cover to meet current needs, let alone needs of the future.

For example, according to the Maine Center for Economic Policy, the workforce shortage has resulted in at least 23,500 hours per week of home care for older Mainers going unserved. They estimate we need at

least another 2,300 workers just to meet this current need, and another 37,000 to join the ranks over the next decade.

The shortage in the direct care workforce is also putting strain on family caregivers and our economy. I would imagine that most people in this room today know someone or are someone who has experienced this lack of affordable or available care for a loved one. And because so many have left the workforce due to caregiving needs, the Maine Center on Economic Policy estimates that there is an annual loss to the Maine GDP of over \$1 Billion.

Maine's commitment to helping grow the essential care and support workforce is starting to finally show some promising but limited success: the size and capacity of this workforce are gradually increasing. Employers are reporting fewer openings, reduced turnover, and an ability to serve more clients.

Our investments in growing this workforce need to be consistent and persistent. This proposed budget, with the language changes in Part UU and the insufficient appropriation for the full cost of care, is a costly disruption in our fragile progress and restoring them should be among your highest priorities.

Our particular concerns in Part UU include:

- Removing the requirement to review rates for Nursing Homes (every 2 years) and everyone else (every 5 years).
- Decimates the point of COLAs & labor portion reimbursements tied to 125% of minimum wage by:
  - Making them optional - only if all the stars align
  - Setting unclear priorities for how it will decide who gets COLAs when funding is not appropriated
  - Allows for very late and variable implementation of COLAs - which isn't predictable
  - Removes the requirement to use appropriate regional indexing
  - Restricts the application of COLAs to services where "the cost of direct care staffing is a primary driver" - what does that mean and who defines?
- Removes the requirement that "taxes and benefits paid or costs incurred by the provider that are directly related to the reimbursed wage increase in subsection 1" be included in the reimbursement rate
- Adds further restrictions on the use of the MaineCare Stabilization Fund.

We urge the Legislature to maintain the policies already in motion and to budget sufficiently to ensure the system remains stable and improves. Additionally, to meet future MaineCare needs, we require a responsible, forward-looking approach. This approach needs to include:

- Continuing to implement solutions we know work to grow the essential care and support workforce. We look forward to Speaker Fecteau's workforce enhancement bill, that among other things will help raise the wages of direct care professionals.
- Budgeting for Actual Need: We must base our budget on the full cost of providing approved care - not just the care that is provided under current constraints. Parts 5 & 6 of the workforce bill submitted by Speaker Fecteau, work together to give the state the data and incentive to calculate

this full cost and work it into the biennial budgeting process.

- Sustainable Funding Solutions: We need a long-term strategy that ensures stability without compromising the quality of care. We support efforts to generate additional revenues that invest in our essential care & support workforce and ensure all Maine people get the care and support they need to live with dignity and wellbeing.

We must ensure that MaineCare remains viable and responsive to the growing needs of our communities. Our partnership is committed to serving as a trusted resource on this critical workforce.

Thank you for all your careful consideration of the priorities in front of you.

Brenda Peluso

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For more information and sources, please see "Closing the Gap: Maine's Direct Care Shortage and Solutions to Fix It," MECEP, June 2024,

<https://essentialworkforce.org/2024/06/the-partnership-launches-its-second-report/>, and "The High Cost

of Undervaluing Direct Care Work," MECEP, April 2023,

<https://essentialworkforce.org/2023/04/the-high-cost-of-undervaluing-direct-care-work-2/>