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**Testimony by  
Mary C. Mayhew, Commissioner  
of the Department of Health and Human Services**

**Before the Joint Standing Committee on Health and Human Services and the  
Joint Standing Committee on Appropriations and Financial Affairs**

**On LR 2678: An Act to Make Supplemental Appropriations and Allocations for the  
Expenditures of State Government and to Change Certain Provisions of the Law Necessary  
to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2012,  
and June 30, 2013**

**December 14, 2011**

Good morning, Senator Rosen, Representative Flood, Senator McCormick, Representative Strang Burgess, members of the Appropriations Committee and members of the Health and Human Services Committee. My name is Mary Mayhew and I am the Commissioner of the Department of Health and Human Services. I am here today to present the Administration's proposed supplemental budget for the Department of Health and Human Services for state fiscal years 2012 and 2013. The focus of this supplemental is on the shortfall within the Department's MaineCare program. As we shared with you yesterday, we are projecting a shortfall of slightly more than \$120 million between now and the end of June, 2012 and \$101 million shortfall for state fiscal year 2013 which begins July 1, 2012.

This is an extremely difficult day for all of us. We understand the difficult decisions before you in the proposed supplemental budget. We readily acknowledge that these are some of the most difficult decisions that have faced the Maine Legislature in recent years. On behalf of the Administration and the Department of Health and Human Services, I am here today expressing our commitment to work with you to address the financial challenges confronting this Department's budget and to shape a budget that is financially accountable and effectively serves as a safety net for those most in need.

As we worked with the Governor to prepare the proposed budget, we were focused on evaluating the many optional benefits and optional eligibility categories currently provided through Maine's Medicaid program that are not required by the Federal government. We evaluated Maine's enrollment as a percentage of our population compared to other states and Maine's spending per capita as compared with national averages. We understand that in a world of unlimited resources, these proposals would not be in front of you today and recognize the magnitude of these decisions. The choices that we make will clearly affect Maine people. But the financial challenges are real and the magnitude of the shortfall warrants significant restructuring of the MaineCare program to ensure future sustainability of this vitally important program.

The key issue before us today is how to restructure the MaineCare program to ensure that the safety net is preserved and that the program is placed on a more stable financial footing. Our proposal reflects the current economic situation and addresses the very real need for structural changes to achieve these objectives

When looking at our plan to close the shortfall and begin re-establishing sustainable priorities, we have broken down our proposals into three major categories.

We are restructuring eligibility, re-designing benefits and adopting payment reform. We are re-prioritizing Medicaid to bring Maine more in line with the national average. At the same time, I recognize that the decisions we propose today – as difficult as they may be – will set the course for a sustainable tomorrow.

Maine's safety net is fraying. We must put this program on a secure foundation to meet the needs of Maine's most vulnerable and needy.

I look forward to working with the Legislature to prioritize services and return Medicaid back to a safety net program, which was its original purpose. I want to commend all who testify for their active involvement in the process. I certainly understand your concerns and know that your voices will be heard by the Legislative decision-makers. Difficult decisions lie ahead if we are going to be able to sustain Maine's Medicaid program.

But if we are successful in our efforts, we will assure that the problems we face today will be lessened tomorrow and that today, we will be able to protect a level of coverage for more than 280,000 Mainers in need.