

# MaineHealth

## MaineHealth Local Health Systems

Franklin Community  
Health Network  
LincolnHealth  
MaineHealth Care At Home  
Maine Behavioral Healthcare  
Memorial Hospital  
Maine Medical Center  
Mid Coast-Parkview Health  
NorDx  
Pen Bay Medical Center  
Southern Maine Health Care  
Waldo County General Hospital  
Western Maine Health

## Part of the MaineHealth Family

MaineHealth Accountable  
Care Organization

## MaineHealth Affiliates

MaineGeneral Health  
New England Rehabilitation  
Hospital of Portland  
St. Mary's Health System

## Testimony of Katie Fullam Harris, MaineHealth In Support of LD 258, “An Act to Make Unified Appropriations and Allocations for the Expenditures of State Government, General Fund and Other Funds, and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2023, June 30, 2024 and June 30, 2025”

Thursday, February 23, 2023

Senator Rotundo, Representative Sachs, Senator Baldacci, Representative Meyer and distinguished members of the Joint Standing Committees on Appropriations and Financial Affairs and Health and Human Services, I am Katie Fullam Harris, Chief Government Affairs Officer at MaineHealth, and I am here in overall support of the investments included in the Governor’s proposed Biennial Budget and to note several areas in which additional investments or changes should be considered.

MaineHealth is an integrated non-profit health care system that provides a continuum of health care services to communities throughout Maine and New Hampshire. Every day, our over 22,000 care team members support our vision of “Working Together so Our Communities are the Healthiest in America” by providing a range of services from primary and specialty physician services to a continuum of behavioral health care services, community and tertiary hospital care, home health care and a lab.

My testimony below is broken out by proposed Budget section.

### **Background:**

As we have noted in previous testimony before your committees this Session, MaineHealth, like all health care providers, is experiencing significant challenges maintaining access to the continuum of services upon which our communities rely. Staffing shortages resulted in contract labor costs that were nearly six times our budget in FY '22, costing our hospitals more than \$284 million. At the same time, other providers, including those that provide long-term care and residential treatment, have been forced to close beds and reduce access to those services that are critical to ensuring that patients can be discharged from our hospitals to the next appropriate levels of care, allowing hospital beds to be available for those who truly need hospital-level services.

MaineHealth has invested in efforts to address this crisis, including:

- Hiring contract labor to staff 41 additional long-term care beds at one of our nursing homes, at a \$1 million loss each month;
- Maintaining access to a full complement of outpatient and inpatient behavioral health services, in spite of accruing significant losses;
- Increasing our use of expensive contract labor at a cost of over \$284 million last year alone; and
- Increasing wages for our care team five times since January of 2021, totaling \$223 million.

These investments have been necessary in order to continue meeting the needs of our communities; and they have come with a cost. In FY '22, the MaineHealth system sustained a net loss of \$45 million after including \$102 million of Covid relief funds. We are grateful for the one-time support for hospitals and nursing facilities that was included in the Supplemental Budget, however we will be forced to make painful choices that could impact access to care if we do not experience additional relief in the coming months.

### **Specific Budget Initiatives:**

We are grateful to the Administration for proposing a budget that lays a new and much improved floor for services that are provided to our most vulnerable populations in Maine. The combination of Cost of Living Adjustments (COLAs), MaineCare rate updating, and a number of new initiatives will help disintegrating services to stabilize, however more support is needed to rebuild a system of health care services that will meet the needs of Maine's population. There continue to be serious gaps in the care continuum that require short-term attention, even while broader systemic change is planned.

### **Behavioral Health**

The behavioral health investments included in this Budget create a significantly improved floor for MaineCare rates; however, some important services did not receive rates sufficient to cover the substantial increased costs of wages. Many are services that have shrunk already, and absent adequate investment, we could risk losing them altogether.

The following represents services provided by Maine Behavioral Healthcare that continue to sustain significant losses after the rate setting process:

Service	MeCare Section	Est annual add'l revenue (annualized)	FY22 adjusted surplus (deficit) restated to adjust for MaineCare rates
ASSERTIVE COMMUNITY TREATMENT (ACT)	17	1,068,000	(26,677)
MULTI SYSTEMIC THERAPY	65	72,000	(173,126)
OUTPATIENT THERAPY	65	180,000	(1,951,062)
SUBSTANCE USE DISORDER	65	36,000	(1,076,739)
OUTPATIENT PSYCHIATRY	65	0	(3,706,659)

These services provide a foundation for community behavioral health systems of care. Maine is experiencing an epidemic of overdose deaths, yet Maine Behavioral Health’s program operates in the red. As our state is experiencing a mental health crisis, our psychiatry program is continuing to incur substantial losses. Though Maine Behavioral Health has maintained these services at significant loss, we cannot provide the access needed to meet community demand. In 2022, we were forced to turn away 41% of referrals to outpatient psychiatry and 46% of referrals to outpatient therapy.

In addition to insufficient access for outpatient community services, residential treatment for children who clinically need that level of care remains extremely difficult to access. Children who do not need inpatient levels of treatment are left at hospital Emergency Departments for days, weeks, and sometimes months awaiting placement in a residential facility. In fact, DHHS recently released a report that found 861 children languished in hospital Emergency Departments across the state for an average of 7 to 10 days. And we are told that a significant number of beds are licensed but not staffed.

While we appreciate that the Budget includes support for children’s mental health services, there is no line item to address the immediate need of supporting residential providers to a degree that they can pay staff and reopen beds to meet the needs of our vulnerable children. We encourage the Committees to ensure that the funds in the Budget are sufficient to meet the immediate needs of these vulnerable children going forward.

**Long-Term Care**

Like behavioral health, long-term care providers are struggling to maintain access for their communities. But they, too, are experiencing unprecedented staffing challenges that have been exacerbated by rates that have not remained competitive in this economy. According to a report

prepared by the Muskie School of Public Service, 1248 nursing level beds were closed as of November 15, 2022. The result: hospital patients who are ready to be discharged but for which there is no safe discharge option “live” in the hospital for extended periods of time. A mid-February report from Maine Medical Center identified 66 patients who were ready for discharge but for which there was not a residential option available. Their inpatient stays ranged from 8 to 359 days, with an average length of stay of 89 days.

The Barron Center, a City-owned nursing facility in Portland, has 219 licensed beds and a census of just 92. Maine Medical Center has between 65-70 patients on any given day who are cleared for discharge, yet there is no access to the appropriate level of residential care they need. The crisis at Maine Medical Center has become so severe that the hospital recently announced that it is starting a new program called “Transitional Care Communities” which will cohort the hospital’s long-stay patients and introduce an activities coordinator who will help the patient maintain cognitive, physical, and emotional well-being while awaiting appropriate placement.

There is something wrong with this picture: the hospital is being forced to support services that should appropriately be provided in a residential setting, yet the residential providers are not able to open the access needed to meet the needs of their communities.

Hospitals have become the backstop for failing community systems. In turn, patients who need hospital level care are experiencing reduced access to inpatient care, as we do not have sufficient beds to meet their needs. Cancelled surgeries and delayed care have significant health consequences as patients are unable to access screenings and surgeries early in a disease progression. And patients who are unable to move to appropriate levels of care create financial strain on hospitals as the patient flow is severely interrupted; a bed that should accommodate six patients in a month instead accommodates just one. And in most instances, the hospital receives only the case rate for those patients, absorbing the cost of the additional days they languish in the inpatient setting. And, most importantly, these gaps have forced patients to stay in the most restrictive setting long after they are ready for discharge to lower levels of care.

We strongly support the premise behind the Department’s MaineCare rate setting process. And the methodology should take into account real time rising costs experienced by providers to ensure that new rates reflect the costs experienced by providers. For example, the Legislature had to add language to the Supplemental Budget to ensure that the revised inpatient psychiatric rates are set at cost, as insufficient funds have been allocated to meet that threshold and we were told that we would receive only 80% of cost, as a result.

And the line item to support a rebase of hospital DRG rates is clearly insufficient to cover the increased labor costs that we are incurring. In addition, the Task Force to Study the Process for Bringing Criminal Cases in Situations of Violence Against Healthcare Workers included in its recent report a recommendation to that MaineCare broaden its rate review process to include days awaiting placement in hospitals, behavioral health add-ons and security costs.

**Recommendation:** Ensure that MaineCare set a floor of 100% of the cost of delivering a service, and particularly for those services that rely heavily upon MaineCare for funding, as failure to fully fund these services will undoubtedly result in greater reductions in access going forward.

The Governor’s proposed Budget also includes important investments in long-term care and behavioral health. While we strongly support these investments, it is important to ask:

1. Will they be sufficient to increase access by opening beds that are closed?
2. Will the rate structures sustain services into the future?
3. Will the investments increase access to appropriate levels of care for those who need support?
4. Will the investments fill identified gaps in services? For example, will the children’s behavioral health rates support the development of secure residential treatment facilities needed to meet the needs of some children who are languishing in our EDs or in out of state placements?

We must invest in the services and supports that are needed to address the crises we face today as well as the longer-term system development that is needed to meet the needs of our population in the future.

### **Workforce Development (FAME Section of the Proposed Budget)**

MaineHealth strongly supports the investment in loan repayment programs, and thanks the Administration for proposing the increased investment in health care workers (pg. 297).

We would note that the proposed Budget fails to include funds for 2024-2025 to support the highly successful Doctors for Maine’s Future scholarship program (pg. 294). This program is a public-private partnership between the State and Maine medical schools that have programs in Maine that provides annual scholarships to Maine students who attend these medical school programs. In turn, the medical school programs must match the scholarships, 1:1. Thus far, 148 Doctors for Maine’s Future scholars have graduated from medical school, and of the 60 who are now employed, 58% are in Maine. The program is working!

**Recommendation:** Provide \$1 million in funding in FY 24-25 to the Doctors for Maine’s Future program to provide scholarships to ten additional Maine students who attend Maine-based medical school.

### **Hospital Tax**

The budget rebases the hospital tax to 2019-2020 and proposes a corresponding reduction to the supplemental payment to hospitals (A367-368). In 2022, MaineHealth paid \$51,268,871 in

hospital tax, and received \$40,143,180 in supplemental payments, resulting in a net loss of \$11,125,691.

**Recommendation:** Given the significant financial challenges facing Maine's hospitals, we request that the supplemental payment be increased to fully offset the net loss of the tax to Maine's hospitals.

Thank you for the opportunity to share our appreciation for the investments included in the Governor's proposed Budget as well as our experience with the gaping holes that exist in the care continuum today. The proposed Budget sets a good path forward, and we strongly encourage the Legislature to build upon the Budget and fill the holes that remain.

Thank you, and I would be happy to answer questions.