

MaineHealth

**MaineHealth Member
Organizations:**

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

Part of the MaineHealth Family:

MaineHealth Accountable Care
Organization

MaineHealth Affiliates:

MaineGeneral Health
Mid Coast-Parkview Health
New England Rehabilitation
Hospital of Portland
St. Mary's Health System

**Testimony of Katie Fullam Harris
Senior Vice President of Government Relations & Accountable Care
Strategy
MaineHealth**

**Before the Joint Standing Committees of Appropriations and
Financial Affairs and**

Health and Human Services

**In Opposition to Proposed Changes in the MaineCare Budget
February 21, 2017**

Senator Hamper, Representative Gattine, Senator Brakey, Representative Hymanson and distinguished members of the Joint Standing Committees of Appropriations and Financial Affairs and Health and Human Services, I am Katie Fullam Harris and I am here today to speak in strong opposition to several sections of the proposed biennial budget.

Background

MaineHealth is comprised of 8 regional not-for-profit health care systems based in Biddeford, Portland, Norway, Farmington, Damariscotta, Rockport, Belfast, and North Conway, New Hampshire that provide access to comprehensive health care services for all in need, regardless of ability to pay. MaineHealth includes Maine Behavioral Healthcare, Home Health Visiting Nurses, NorDx and 1500 physicians in the MaineHealth Accountable Care Organization who provide excellent care to our patients. MaineHealth's members employ over 18,000 people who are responsible for providing the high quality of care that has earned our member organizations a number of national awards, including recognition from NCQA and Leapfrog.

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Our vision is “Working Together So Our Communities are the Healthiest in America.” Every day, MaineHealth invests financial and human resources to make that goal a reality. In Fiscal Year 2015, MaineHealth’s

member health care systems provided over \$40 million in charity care to patients with incomes low enough to qualify, wrote off \$41 million in bad debt, provided \$110 million in subsidies to support the shortfall created by underpayment by governmental programs including MaineCare and Medicare, and MaineHealth and its members invested over \$207 million in programs and services to benefit our communities. Those benefits included such programs as:

- A comprehensive and evidence-based plan to address the opioid epidemic that is ravaging our communities. It is noteworthy that between 30-40% of the patients we are seeing for this treatment are uninsured.
- The Center for Tobacco Independence, which provides an evidence-based model to reduce tobacco use in Maine;
- Let's Go! a statewide healthy weight initiative working to target childhood obesity; and
- CarePartners and Med Access, which provide access to health care and medications for low-income uninsured Mainers.

These are just a few of the many investments that our nonprofit status supports to benefit the health of our communities.

While we are proud that MaineHealth's providers always put patients first, the rapidly changing health care environment is creating challenges, particularly for our rural communities. In FY '16, just three of MaineHealth's member hospital systems ended the fiscal year in the black, with two of the three just breaking even. As a health care system, we are working hard to identify efficiencies and create models of care that will maintain high quality health care as close to home as possible. However, the proposed budget changes to Maine's Medicaid program will have a significant adverse impact on the quality and accessibility of health care services available in Maine, and particularly for those populations who are most vulnerable and live in rural parts of the state.

Impact of Budget

There are 6 budget proposals that directly and negatively impact MaineHealth's hospital-based health systems by nearly \$40 million over the biennium :

- **Rebase of the hospital tax** from FY 2011-2012 to FY 2013-14. This is particularly egregious as the budget fails to include an increase in the match to offset the increased tax imposed on hospitals. (\$4.1 million)

- **Elimination of facility fee for physician practices** that are owned by hospital systems. Hospital-based physician practices provide care for all patients, regardless of ability to pay or insurance status, and our primary care practices lose money as a result – even with the facility fee. For example, Maine Medical Center’s physician practices are subsidized by approximately \$75 million per year. Hospital-based payments help to offset the cost of the additional regulation that governs hospital-based practices as well as the cost of providing care to all in need, regardless of insurance status or ability to pay. Finally, these providers have already contributed to state’s bottom line: In 2013, hospital outpatient payments sustained a 10% cut from MaineCare – a reduction that cost MaineHealth’s members an estimated \$12 million between 2013-2016. (\$7.2 million)
- **Reduction of reimbursement for Critical Access Hospitals (CAHs)** from 109-101% of cost. Maine’s Critical Access Hospitals provide necessary care to rural communities throughout our state. MaineHealth’s Maine-based Critical Access Hospitals are: Stephens Memorial Hospital in Norway; Waldo County General Hospital in Belfast; and LincolnHealth’s Miles Campus. The 8% difference between 109% of cost and 101% of cost offsets the expense of paying the hospital tax, which does not qualify as an allowable expense under cost based reimbursement. Our CAHs could not survive if they were required to pay the tax without the increased payment to offset the cost. (\$3.4 million)
- **MaineCare Eligibility Changes.** The proposed MaineCare eligibility changes for 19 and 20 year olds and Parents of Children are extremely troubling. Individuals who fall below 100% of the federal poverty level do not qualify for health insurance subsidies on the Exchange, nor do they have income that supports paying the \$300 or more per month for insurance premiums in the individual health insurance market. Eliminating MaineCare eligibility results in increased rates of low-income, uninsured Mainers – and increased charity care provided by local hospital-based health care systems. As noted earlier, our struggling hospital-based health systems are already having a very difficult time supporting the current levels of charity care. Increasing that burden even further will not be sustainable for our system. (\$13.3 million)
- **The establishment of service fees** on certain items that are currently tax-exempt, including vehicles, will, again, increase the burden on mission-based organizations that are already challenged. (\$10.9 million)

Impact by local health service area is included in Appendix A.

For the last several years, we have stood before you and stated that Maine's hospital-based systems are facing significant challenges. As the delivery of health care evolves, the payment system has remained fairly stagnant. Hospitals and health care providers are struggling to meet the needs of their communities within the reduced levels of resources they have to do so. You heard earlier from Dr. Fourre about the efforts underway in the Belfast and Rockland MidCoast region to align organizations and create a sustainable model to serve those communities. Likewise, Southern Maine Health Care is struggling to develop a sustainable delivery model for its region. Its Board recently made the difficult decision to close the inpatient unit in Sanford and has worked hard to minimize the impact of its financial challenges on jobs. And in Lincoln County, the former hospital in Boothbay has successfully transitioned to an urgent care center.

At the same time, we have invested significant resources in developing Patient Centered Medical Homes throughout our service area that will become integral elements of our opioid treatment model; to the implementation of an electronic health record that improves quality and efficiency of patient care; and to maintaining quality jobs in our communities. In every instance, MaineHealth's members and volunteer boards are making difficult decisions centered on the patients they serve and the communities in which they live.

Should you choose to accept them, the budget proposals before you will throw gasoline onto a fire that is already smoldering. The MaineCare budget does not have a hole to fill. These proposals shift resources away from health care for low-income Maine people – and the communities in which they live - to fund other policy priorities. Our local health systems cannot afford any reductions to their already precarious financial budgets without corresponding negative consequences through reductions in access to critical services for the communities we serve.

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

