

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

Honorable Members of the Joint Standing Committee on Health and Human Services

Cross Building, Room 209
Friday, May 3, 2019

Senator Gratwick, Representative Hymanson and distinguished members of the Joint Standing Committee on Health and Human Services:

On behalf of MaineHealth, I am writing in strong support of LD 1350, "An Act to Improve Rural Health Care."

MaineHealth is Maine's largest integrated non-profit health care system that provides the full continuum of health care services to the residents of eleven counties in Maine and one in New Hampshire. Six of eight of MaineHealth's local health systems are located in rural communities, and over half are just breaking even or suffering from operating losses. As the Board Chair of Franklin Community Health Network (FCHN), I have seen these financial challenges firsthand. FCHN has operated on a negative margin since 2012 – and experienced a loss of almost \$6 million dollars last year alone. This story is not unique to MaineHealth or FCHN. In fact, Maine's rural hospitals lost more than \$20 million between Fiscal Years 2013 and 2017 and have an aggregate annual margin of -0.4%.

In the face of these financial challenges, small community hospitals are trying to maintain as many services as possible for their communities while maintaining the highest levels of quality. Additionally, Maine's hospitals are incredibly efficient with per capita Medicare spending at 12% below national average and Maine was 44th in nation in growth in Medicaid spending (2000-2011). At the same time, we are striving to stay current with new technology, working to retain and recruit the best talent from a shrinking labor pool, trying to manage the increasing level of reductions from governmental payors all while trying to improve the value of care that we provide to our patients.

It should come as no surprise that rural providers in Maine are being further stressed as they care for an older population that tends to be uninsured, underinsured, or covered by governmental payors that pay far less than the cost of providing the care. For example, in the MaineHealth system, Medicare pays an average of \$0.83 for every dollar of care provided to enrollees. Over the next decade, MaineHealth estimates that the population within its service area will experience less than one percent growth while the number of individuals 65 or older will increase by 25 percent.

Rural hospitals are also seeing surgeries and other complex procedures migrating to larger medical centers that are better able to accommodate the new technologies and highly specialized providers that improve health outcomes. In fact, in 2017, over half of Maine's hospitals performed less than one inpatient surgery per day, while over 70 percent of inpatient surgeries were performed at five hospitals in the state of Maine.

The legislation before you today does not promise to be the magic solution that will solve these challenges, but it certainly takes a step in the right direction to help preserve our rural hospitals that are truly the anchor of their communities.

Specifically, LD 1350 will:

- Increase the MaineCare reimbursement rate for physicians practicing at rural hospitals to cover the actual cost of delivering care.
 - We estimate that this increase will result in over \$600,000 in increased funding for FCHN, which could then be reinvested in patient care.
- Rebase Rural Health Clinics (RHCs), which have not been rebased since 2001.
 - RHCs were established to improve access to primary care in rural areas. MaineHealth's RHCs function as patient centered medical homes and many offer same day appointments and integrated behavioral healthcare clinicians. We estimate that LD 1350 will have a positive impact of approximately \$1.7 million to MaineHealth's RHCs, allowing for continued investment in primary care.
- Exempt tuition loan reimbursement from taxable State income to help address the shortage of healthcare professionals practicing in Maine.
 - In more than half of Maine's counties, especially rural counties, the physician workforce today exceeds an average age of 55. In fact, the Association of American Medical Colleges projects that by 2030, the nation will face a shortage of between 40,800 and 104,900 physicians, primarily due to the higher per capita healthcare needs of seniors.
 - The average debt of a US medical student graduate is \$190,000 when they start post-graduate residency training.
 - The Maine Nursing Action Coalition estimates that Maine's shortage of registered nurses (RNs) is expected to grow to 3,200 by the year 2025 and Maine must increase the number of new RNs by 400 annually and recruit an additional 265 RNs to the state each year to combat this shortage.

In a time of declining inpatient volume, reimbursement challenges, increasing uncompensated care and a deteriorating payer mix, rural hospitals throughout our state are struggling to remain viable while providing the most appropriate services at a high level of quality as close to home as possible. With that said, we urge the Committee to invest in our community hospitals and vote Ought to Pass on LD 1350, "An Act to Improve Rural Health Care."

As always, please let me know if you need additional information or if you have any questions.

Thank you,

L. Clinton Boothby, Esq.
Chair, Franklin Community Health Network Board