



## **MaineHealth Position on ACA Replacement Legislation**

### **Background**

As Maine's largest healthcare provider, MaineHealth represents an important voice in the discussion taking place to repeal and replace the Patient Protection and Affordable Care Act (ACA). Maine's non-profit hospital-based healthcare systems are struggling, and MaineHealth's member organizations are no exception. In Fiscal Year 2016, 4 of our 8 acute care hospitals lost money, and our behavioral health system, Maine Behavioral Healthcare, ended the year with a deficit. The financial challenges faced by rural health care providers in Maine are bleak, at best.

MaineHealth's members provide a continuum of services in their communities, from primary care through acute inpatient and trauma care. Like any business, regulatory and environmental stability and predictability are important to the sustainability of healthcare providers. In fact, because their margins are so thin (if existent at all), these elements are particularly important as most hospitals do not have the financial cushion needed to sustain significant transitions in the environment.

When the ACA passed in 2010, MaineHealth noted that the bill included both exciting opportunities and significant challenges. We understand that there are fundamental flaws with some of the ACA's provisions, and the legislation also created positive outcomes. As Congress grapples with its next steps, MaineHealth has identified the elements of any replacement bill that will be critical to protecting the health of Maine people and the providing financial stability for the providers who care for them.

### **Key Provisions Needed in Any Replacement Bill**

#### **Continued access to high-quality, affordable insurance for Maine people.**

Given the significant financial challenges facing our community hospital systems, continued access to affordable insurance coverage for our patients is the single most important element of any replacement plan. Any loss of coverage will result in continued increases in charity care and bad debt costs, which our hospitals cannot afford to cover.

The ACA defined affordability of all healthcare costs (premiums and out of pocket) as approximately 9% of income. Tax credits and subsidies were designed to limit individual expenditures beyond that. While 9% may not be the "right" number, it is critical that any replacement law provide low and moderate income individuals and families with access to affordable coverage, regardless of their age.

Insurance must cover medically necessary treatment; excluding such treatment may lower premiums, but also may result in increased bad debt or charity care costs for a hospital if a covered individual suddenly needs treatment that is not covered. Language must be included that would offset those costs by restoring the payment reductions to Medicare Prospective Payment hospitals that help fund tax credits in the law.

## **Continued parity for behavioral health services across all insurance products and all insurance markets.**

As healthcare delivery has evolved, it has become indisputable that it is more effective and efficient to provide equal access to patient treatment for all health care needs, including behavioral health diagnoses. Parity of coverage for the treatment for depression, bi-polar illness, addiction and other behavioral health diagnoses addresses a major barrier in providing access to care for patients in need of treatment. It can literally save lives. Parity is particularly important in our effort to combat the opioid epidemic and ensure that patients have access to needed treatment. Appropriate access to behavioral health services is as important to leading a productive and healthy life as access to medical care for physical health needs.

## **340-B Drug Program for Critical Access Hospitals**

The 340-B Drug Program provides hospitals that serve a large number of low-income patients with lower drug costs by requiring that pharmaceutical manufacturers that participate in Medicaid sell outpatient drugs at discounted prices to taxpayer-supported health facilities that care for uninsured and low-income patients. This program is integral to our hospitals today, and it is especially helpful in its support of MaineHealth's rural hospitals. It is very important for any replacement legislation to maintain the Critical Access Hospital 340-B status that was included in the Affordable Care Act.

## **Changes to Medicaid**

Medicaid is a critical program that provides needed health coverage to low-income people through a state/federal partnership. Medicaid is also an entitlement, ensuring that the federal government cannot avoid its responsibility to support eligible enrollees. While we understand and support the desire to provide states with more flexibility within the Medicaid program, wholesale changes to Medicaid must be thoughtfully planned and vetted to prevent unintended consequences.

There are clear opportunities to improve the Medicaid program and ensure that it is efficient and effective in its mission. However, because Maine's population is among the oldest in the nation, and because our average and median income is relatively low, and further because we have a high level of disease in our population, Maine relies heavily on Medicaid to support our most vulnerable citizens. Any artificial caps or limits on Medicaid's growth will result in disproportionate problems for vulnerable Maine people and the providers who care for them.

Additionally, Maine chose not to expand its Medicaid eligibility. It is important that any legislation that addresses changes to Medicaid expansion ensure that states like Maine are treated equitably and not unfairly penalized because they did not expand eligibility.

## **Innovations in Payment and Delivery Models**

MaineHealth has invested heavily in efforts to improve the value of care delivered to our patients. We feel strongly that the direction that has been set to improve value by focusing on cost and affordability, quality and patient experience, and population health and access (the Triple Aim) should be maintained. Investments in the foundation of primary care and integrated delivery systems combined with payment incentives that support value over volume must be maintained in any healthcare reform legislation.

MaineHealth is committed to meeting our vision of "Working together so our communities are the healthiest in America." We ask that the regulatory and payment systems are constructed to support that vision, as well.

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