



## **MaineHealth's Position on Proposed Legislation to Replace the Affordable Care Act**

Context: MaineHealth is Maine's largest integrated health care delivery system. Serving southern and central Maine and Carroll County New Hampshire, our members include six local health care delivery systems in Maine and one in New Hampshire, plus Maine's largest behavioral health provider, a home health care organization and a lab.

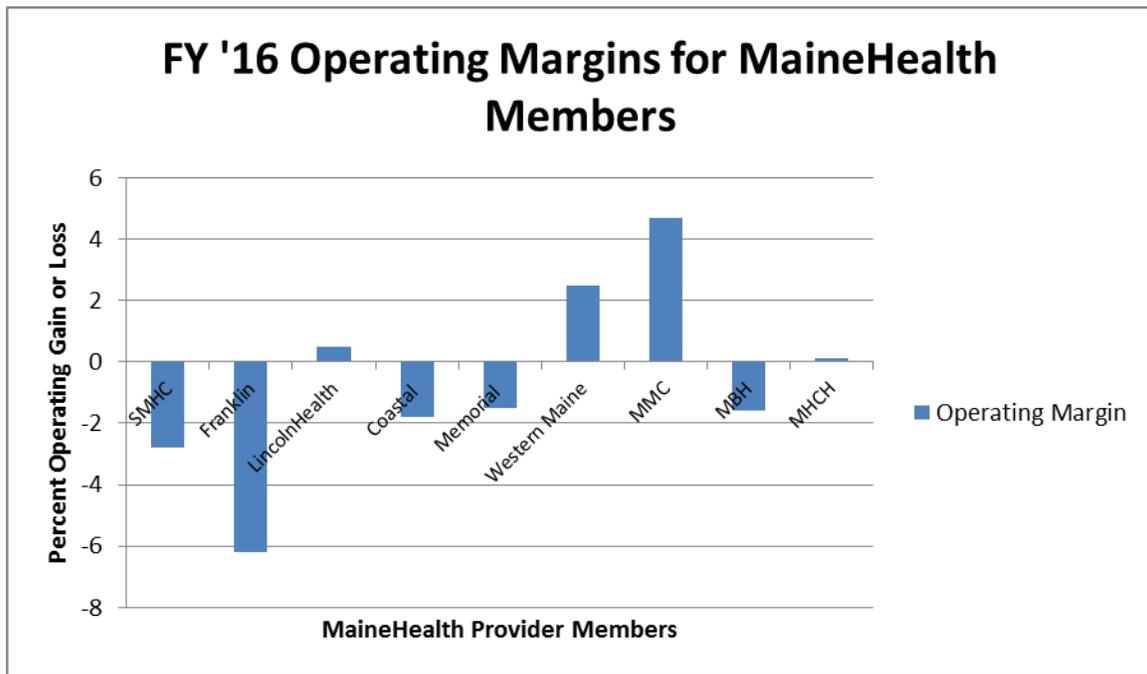
MaineHealth and its members employ over 18,000 workers throughout our region, providing them both with competitive salaries and good benefits. In most instances, our hospital systems are the largest employers in their local communities.

The American Health Care Act, and now the Better Care Reconciliation Act of 2017, proposes to reduce spending on health care services for those who receive subsidized coverage through Exchanges and those who receive coverage through states' Medicaid programs. While we can all agree that containment of health care spending is a laudable goal, such containment must come through thoughtful approaches that maintain affordable access to quality health care, including the provision of coverage for our nation's most vulnerable individuals – our disabled, elderly and poor.

The impact of these proposals will be particularly devastating for Maine's already fragile health care delivery infrastructure. Half of Maine's 32 acute care hospitals ended FY '16 in the red. Behavioral health services, which are primarily funded by Medicaid, are struggling to keep their doors open, even as they work to fight what has arguably our most significant public health crisis in decades – drug and opioid abuse. If low-income Mainers lose coverage, hospitals will still be required to provide them with care. Maine's health care providers cannot afford to incur increased charity care and bad debt without significant repercussions to our services and our communities.

According to the Commonwealth Fund, Maine's hospitals are projected to have negative operating margins that average -9.5% in 2026 under the current ACA – a projection that is increased to -10.3% by the proposed reductions to Medicaid under the American Health Care Act (AHCA). The proposed changes to subsidies for low and moderate income people who purchase insurance on the Exchange will increase that figure, as well.

**In FY '16, 5 of MaineHealth's 9 provider members ended the year with operating losses:**

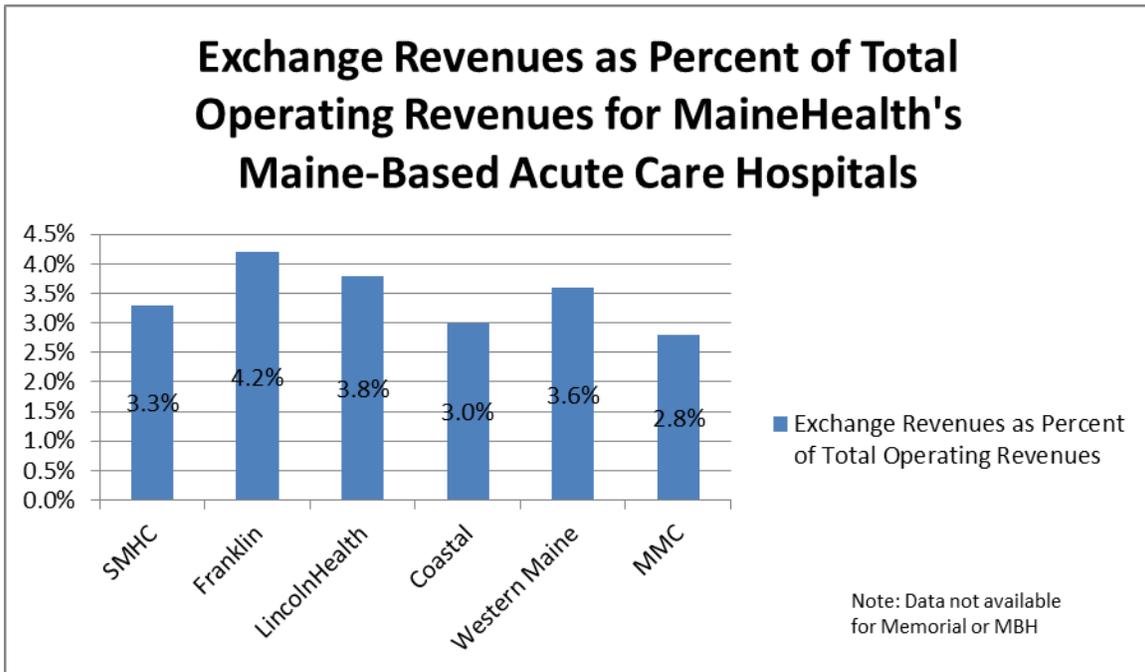
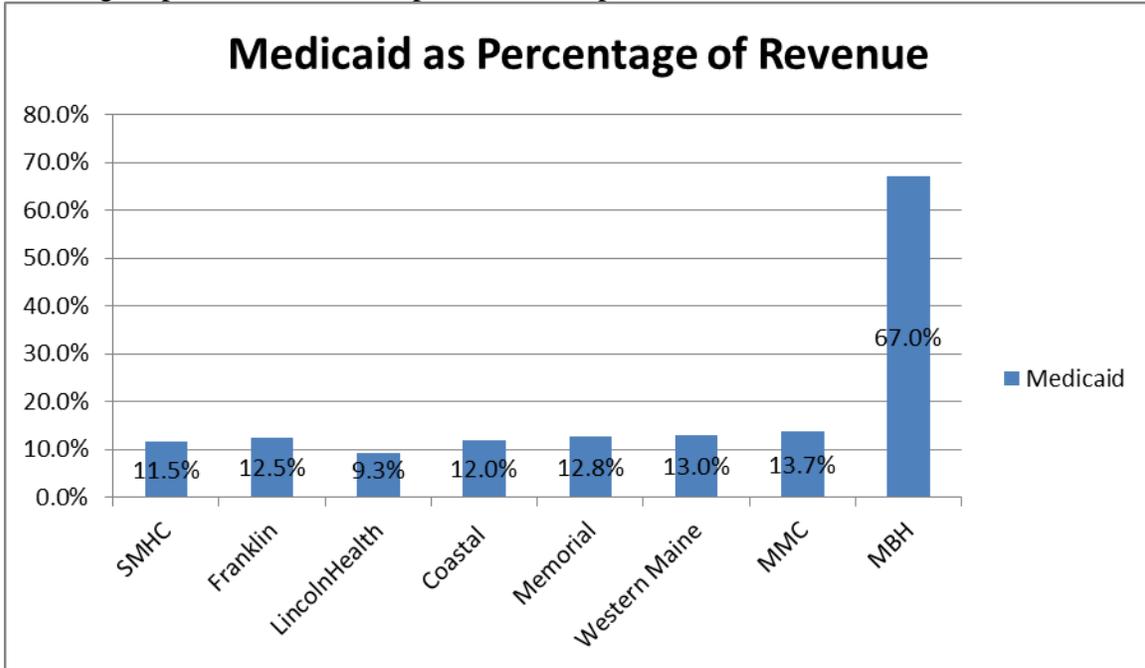


At present, MaineHealth's member hospital systems provide free care to all patients whose incomes fall below 175% of the Federal Poverty Level.

MaineHealth's Charity Care and Bad Debt already represents a substantial cost to our local hospital systems. In FY '16:

|                             |       |
|-----------------------------|-------|
| Southern Maine Health Care: | 6.1%  |
| Pen Bay:                    | 6.3%  |
| Franklin:                   | 4.6%  |
| Maine Medical Center        | 4.0%  |
| Western Maine:              | 6.8%  |
| Waldo:                      | 7.1%  |
| LincolnHealth               | 6.4%  |
| Memorial                    | 5.6%  |
| Maine Behavioral Health     | 11.2% |

At the same time, both Medicaid and insurance from those who are covered by the Exchange represent critical components of hospital revenue:



The picture is clear: our rural communities are most vulnerable from the proposed reductions. These are the regions that are struggling today. **And behavioral health and long term care for our elderly are particularly vulnerable, as Medicaid is the primary payor.** These providers need increases to be sustainable in the future. Reductions in rates or benefits will result in immediate and devastating impacts.

## **Key facts:**

- By 2026, Maine stands to lose \$3 billion in Medicaid funds and \$192 million from changes to Exchange subsidies as passed in the AHCA (American Hospital Association).
- Maine's rural counties have the highest percentage of MaineCare participation, with the top 5 counties being Washington (40.3%), Aroostook (37.4%), Piscataquis (35.8%), Somerset (35.5%) and Oxford (34.7%) (Maine Health Management Coalition Healthcare Data Book Supplement, 2015). The people who reside in these counties will be severely impacted by caps on Medicaid spending.
- Mental health treatment is the top clinical condition for MaineCare spending. This is an extremely vulnerable population, and one that is undertreated now. Reductions to MaineCare could have a devastating impact on people with suffering with mental illness.
- **Most Maine Exchange participants fall below 250% of the poverty level and will be most challenged in affording coverage if subsidies are reduced.** Over half of Mainers receiving coverage on the Exchange qualify for cost sharing reductions that are available only to those with incomes below 250% of the Federal Poverty Level. (<https://aspe.hhs.gov/health-insurance-marketplace-cost-sharing-reduction-subsidies-zip-code-and-county-2016>).
- The tax credits offered in the proposed legislation will not sustain Exchange enrollment levels, further jeopardizing an already precarious market.
- Maine's hospitals provide free care for all who fall below 150% of the Federal Poverty Level. This includes write offs for bad debt if a person has insurance but cannot afford the deductible or co-pays. The Senate bill would increase the cost sharing requirements for low and moderate income Mainers, and particularly those who are older and live in rural counties. For example:
  - A 60 year old in Aroostook County who makes \$30,000 would see a 175% net increase in premiums for a silver plan
  - A 60 year old in Franklin County who makes \$40,000 would see an 82% increase in premiums for a silver plan and a 109% increase in premiums for a bronze plan.

- Maine's hospitals are paying for subsidies and coverage through the Exchanges through reductions in Medicare payments. **By 2020, MaineHealth member hospitals will have foregone \$254 million in Medicare payments to fund the ACA.** If charity care and bad debt costs rise as Mainers can't afford quality coverage, at a minimum, the Medicare cuts included in the ACA should be restored.

The ACA needs repair. But the proposed changes will take a bus that needs an engine tune and send it to the junk heap, leaving those that rely on it for transportation high and dry. We support the goals of the Collins/Cassidy legislation that seeks to improve the Exchange plans while maintaining the same level of funding to support care. The extent to which funding is arbitrarily removed from the system will necessarily result in adverse consequences to Maine's citizens, its hospital providers – and the communities they serve.

Finally, restructuring Medicaid should be done carefully and with plenty of data to understand the impact – and the unintended consequences. The Medicaid restructuring included in both the House and Senate bills is inconsistent with the intent to find solutions to the problems that face our insurance markets. This legislation seeks to dismantle a program that has supported our most vulnerable citizens for over half a century, and without taking the time to process its implications. The consequences of this bill's passage will be severe and far reaching.

**If you have questions or would like more information, please contact Katie Fullam Harris, SVP of Government Relations & Accountable Care Strategy at [Harrik2@mainehealth.org](mailto:Harrik2@mainehealth.org) or (207) 661-7542**