Hospital Issues for State Office Candidates

MHA
Maine Hospital Association

MAINE'S LEADING
VOICE FOR HEALTHCARE

A publication of the
Maine Hospital Association

September 1, 2022

What's Inside

September 1, 2022

Dear Candidate for State Office,

On behalf of Maine's hospitals, the Maine Hospital Association (MHA) is pleased to provide you with this year's edition of ***Hospital Issues for State Office Candidates.*** We hope you find the information in the document useful as you campaign for state office.

Maine Hospital Association represents all 36 hospitals in Maine and advocates for hospitals on state issues before the Maine Legislature and state agencies.

MHA does not endorse candidates, issue questionnaires or compile scorecards. We are sending you this publication so that you can have a sense of the issues and concerns of Maine's hospitals.

We applaud you on your willingness to run for state office. It is a challenging job and can often seem thankless. But, it is also an extremely important job as you will decide policy matters, including healthcare-related issues, for the state.

Thank you for accepting this document and we hope it is useful to you. I'm happy to speak with you anytime about the issues raised in this publication or on other hospital matters.

Thank you,

Jeffrey Austin
Vice President of Government Affairs and Communications

About MHA

The Maine Hospital Association represents all 36 community-governed hospitals in Maine. Formed in 1937, the Augusta-based non-profit association is the primary advocate for hospitals in the Maine State Legislature, the U.S. Congress and state and federal regulatory agencies. It also provides educational services and serves as a clearinghouse for comprehensive information for its hospital members, lawmakers and the public. MHA is a leader in developing healthcare policy and works to stimulate public debate on important healthcare issues that affect all of Maine's citizens.

Mission Statement

To provide leadership through advocacy, information and education to support its members in improving the health of patients and communities they serve.

Maine Hospitals Still Meeting the Pandemic

Usually, the first article in this document highlights the latest challenge for hospitals. Because *Hospital Issues for State Office Candidates* is published only every other year, we've never had the same topic twice.

Until now.

COVID, or at least the fallout from the past two years of fighting a pandemic, remains the lead topic for hospitals in Maine in 2022.

Thankfully, the acute phase of the pandemic has passed, and operations are returning to normal. But, to the extent COVID is still out there, Maine's hospitals continue to lead the charge in fighting the virus. Whether it was administering over 1 million vaccines and boosters, or intensively caring for 5,000 hospitalized patients, Maine hospitals have led the way.

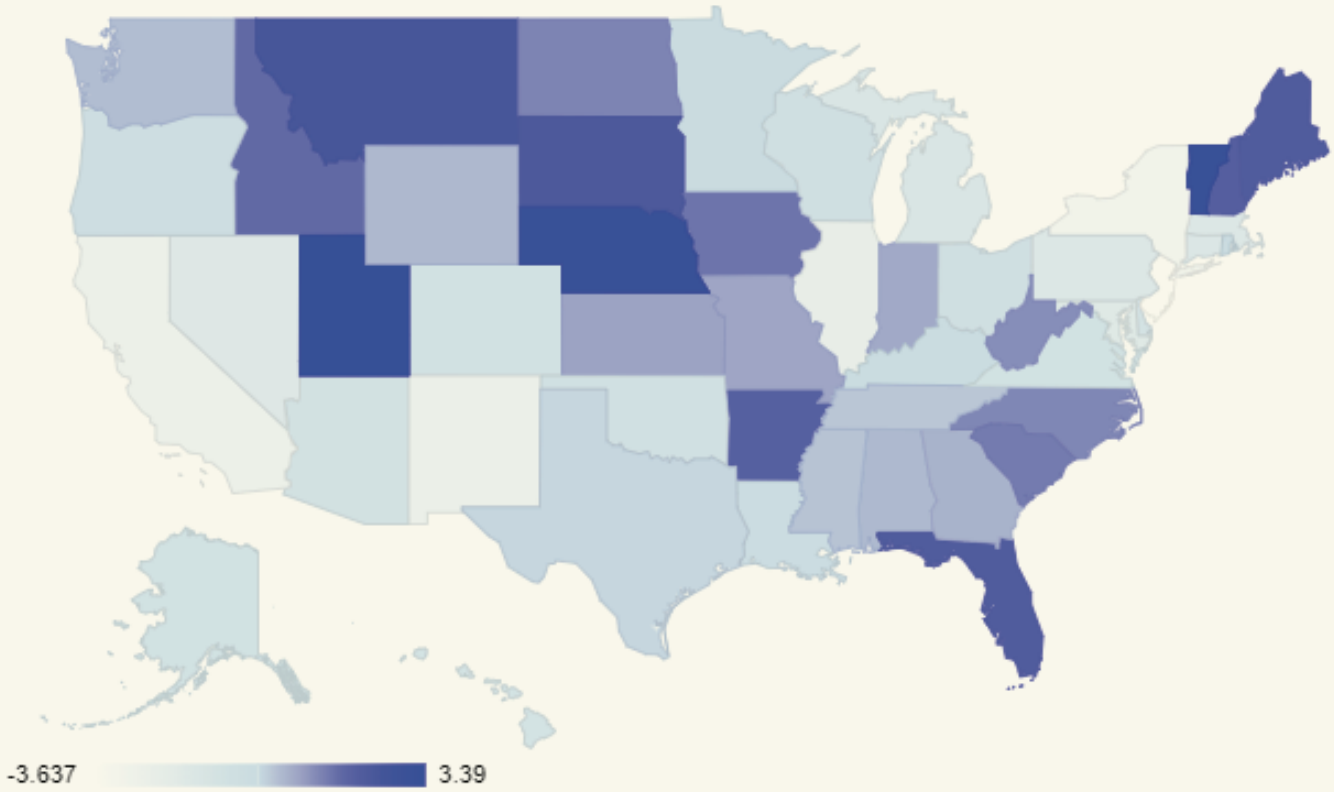
And Maine has done quite well according to three recent studies. Two studies from opposite ends of the political spectrum graded Maine's response as among the best in the nation.

The National Bureau of Economic Research recently published a paper by conservative economists that ranked states on their economic response to COVID. The criteria included items such as unemployment, change in state GDP and COVID-related deaths. Maine was ranked 8th best (Utah was ranked #1). Maine's worst performing criteria was on the percentage of students receiving in-person learning.

On the other side of the country, liberal researchers at the University of California at Berkeley published their analysis of COVID response by state, looking at factors like testing and infections, and Maine was ranked #3.

Only three states were ranked in the top ten in both reports (Maine, New Hampshire and Vermont).

State Pandemic Performance, Combined Score



Source: National Bureau of Economic Research, Committee to Unleash Prosperity

Finally, the Commonwealth Fund ranked health system response to COVID and Maine was ranked #2 best in the country. Maine and Vermont were the only states to appear in the top 10 in all three reports.

As of June 1, 2022, Maine had the 6th lowest death rate, despite having the 4th highest rate of people at risk for serious illness if infected with COVID, according to the Kaiser Family Foundation.

However, the past two years have taken their toll on the healthcare community and hospitals in particular. The workforce is exhausted, the public is frustrated, healthcare treatments were delayed and the always precarious financial condition of hospitals worsened.

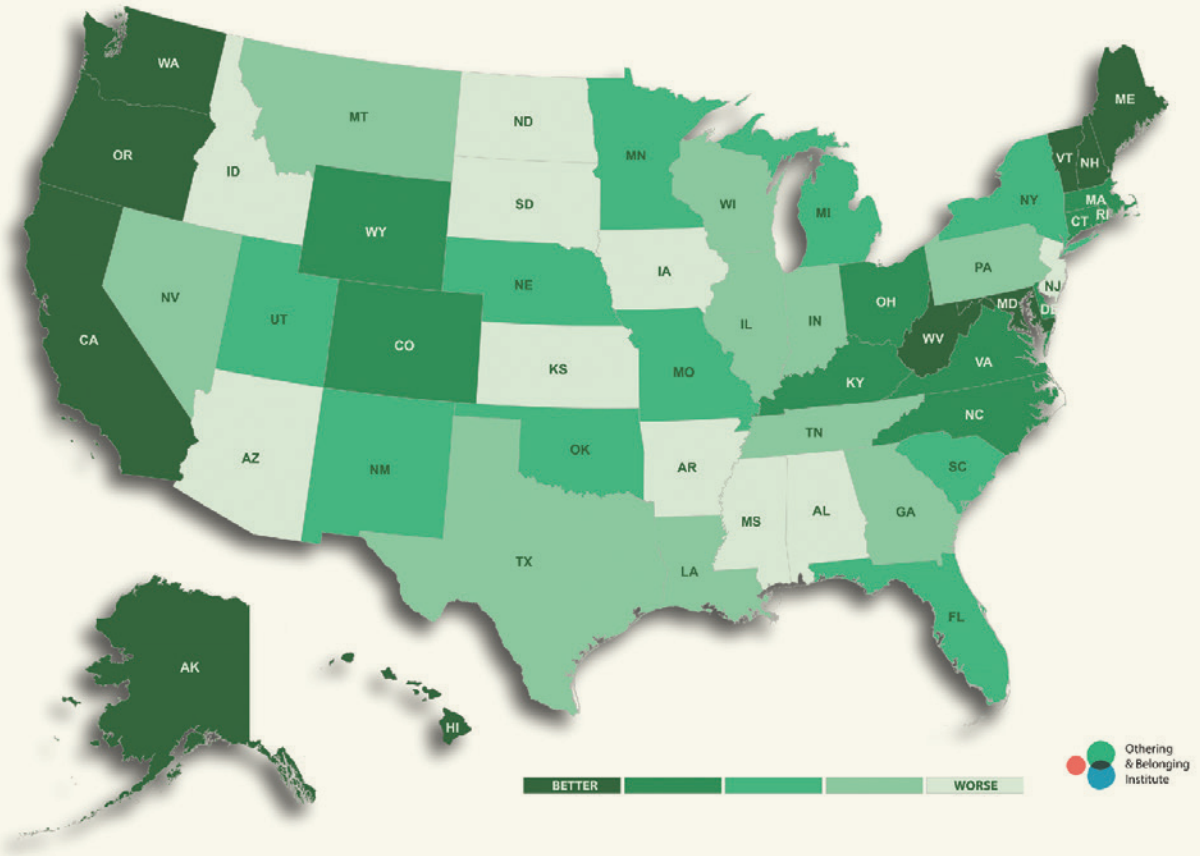
The federal government has provided tremendous help over the past three years without which Maine hospitals would be teetering on collapse. The state government has provided more modest assistance, but it has been crucial, nonetheless.

Maine Medicaid continues to save a considerable amount of money due to lower hospital utilization among MaineCare members than before the pandemic. Also, additional federal assistance has reduced the burden on the General Fund to support Medicaid. There is room for greater support for Maine's hospitals.

"U.S. hospitals and health systems are now halfway through an enormously difficult year… expenses remain at historic highs, leaving hospitals with cumulatively negative margins.

Halfway through 2022, hospital margins are still in the red…they will likely end up with historically low margins for the remainder of the year."

US COVID-19 Map



Source: Other and Belonging Institute (U. California, Berkeley)

Maine Hospitals are Among the Best in the Country

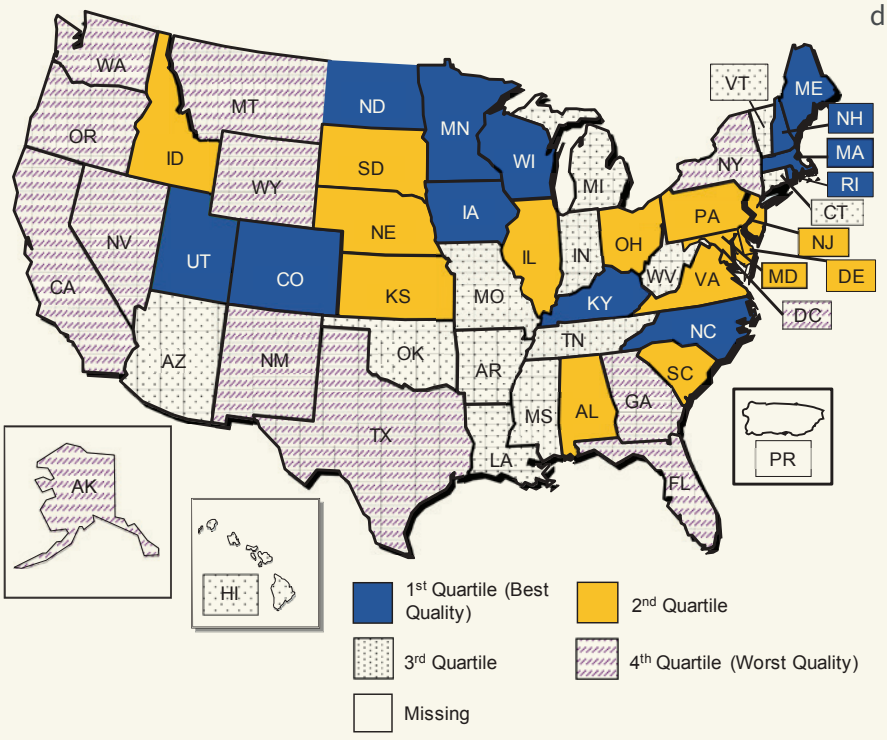
The top priority for Maine hospitals is to provide high-quality care, which, according to the federal government agency charged with improving the quality of healthcare nationwide, means "doing the right thing for the right patient, at the right time, in the right way to achieve the best possible results."

Over the years, national organizations that evaluate hospital quality have begun to move away from state-level evaluations and have focused on hospital-specific quality reports. As a result, it's harder to quantify the superior quality that Maine hospitals offer overall. Nevertheless, there are still some state-level comparisons.

According to a five-year (2015-2020) retrospective analysis, the *National Healthcare Quality and Disparities Report*, by the federal government's Agency for Healthcare Research and Quality (AHRQ), Maine healthcare is in the top quartile nationally. That same report found that Maine is in the top quartile for having the fewest disparities in the quality of care among different ethnic groups.

Overview of U.S. Healthcare System Landscape

Figure 31. Overall quality of care, by state, 2015-2020



Maine hospitals have consistently been top performers of the Leapfrog Group's Hospital Safety Scores. In the Spring 2022 report, Maine ranked 11th in the country (second in New England to Massachusetts). This was down from our previous ranking two years ago, but the literature is clear that quality scores are down across the country in part because of the pandemic.

> Leapfrog awarded Maine the Leapfrog Top State of the Decade for Patient Safety Award for unparalleled achievements in patient safety.

According to a February report in the *New England Journal of Medicine*, quality metrics are down. The authors speculate that the causes are likely related to vast numbers of very ill patients, staff burnout and shortages, and supply chain disruptions.

Hospitals know that quality is not just about how to treat the illness, it's also about how to treat the patient. The Centers for Medicare and Medicaid Services' *Hospital Compare* provides the national standard for measuring patients' own assessments of the experience during their care. Hospitals are required to use a standard survey that asks patients about their experiences during a recent hospital stay. The questions are about different facets of patient experience, such as how well doctors and nurses communicated, how well patients believed their pain was addressed, and whether they would recommend the hospital to others.

We believe the Legislature plays an important role in promoting quality healthcare and we want to work with you toward that end.

Source: AHRQ
https://www.ahrq.gov/sites/default/files/wysiwyg/research/findings/nhqrdr/2021qdr.pdf

Hospitals Provide Vital Public Services as Private Entities

Maine's hospitals provide a valuable public service. They receive payment from both the state and federal governments to provide care. Maine's acute-care hospitals are all nonprofits.

These forces combine to obscure the fact that Maine's hospitals are private organizations. Hospitals are governed by Boards of Trustees made up of local leaders. These trustees are best able to weigh the costs and benefits of the myriad decisions hospitals have to make. While no system of governance is perfect or without challenges, it is a far better system, we believe, than having the Legislature attempt to govern all hospitals from Augusta.

Each year, legislation is filed that is not respectful of hospitals' private status. These bills would:

- Establish in state law compensation for hospital employees;
- Require hospital board meetings to be open to the public; and
- Give the press access to internal medical documents.

These bills have historically been rejected and should continue to be rejected.

Many entities perform services and receive payment from the government. The Bath Iron Works CEO's pay is not capped in statute, the Board meetings of BIW are not open to the public and the internal files of private companies remain protected.

Maine's private hospitals should not receive fewer basic protections than other private entities.

That said, as nonprofits, there are thousands of pages of information about hospitals open to the public. As but one example of our commitment to transparency, each year the hospitals in Maine provide enormous amounts of financial data to the Maine Health Data Organization (MHDO). MHDO is a quasi-government agency that compiles and publicizes healthcare information. Hospitals and insurance carriers are the source of that information. In fact, hospitals and insurance carriers not only provide data to MHDO, the hospitals and carriers fund this agency via an assessment.

MHA asks that legislators continue to resist inappropriate intrusions into Maine's private hospitals.

Violence Against Healthcare Workers is Unacceptable

Hospitals and health systems have long had robust protocols in place to detect and deter violence against their team members. Since the onset of the pandemic, however, violence against hospital employees has markedly increased — and there is no sign it is receding. Studies indicate that 44% of nurses report experiencing physical violence and 68% report experiencing verbal abuse during the pandemic.

Workplace violence has severe consequences for the entire healthcare system. Not only does it cause physical and psychological injury for healthcare workers, but workplace violence and intimidation make it more difficult for nurses, doctors and other clinical staff to provide quality patient care. Nurses and doctors cannot provide attentive care when they are afraid for their personal safety, distracted by disruptive patients and family members, or traumatized from prior violent interactions.

In addition, violent interactions at healthcare facilities tie up valuable resources and can delay urgently needed care for other patients. Studies show that workplace violence reduces patient satisfaction and employee productivity, and increases the potential for adverse medical events. For medical professionals, being assaulted or intimidated can no longer be tolerated as "part of the job."

We estimate that the level of assault on hospital workers has almost doubled during the pandemic with half of those assaults being physical.

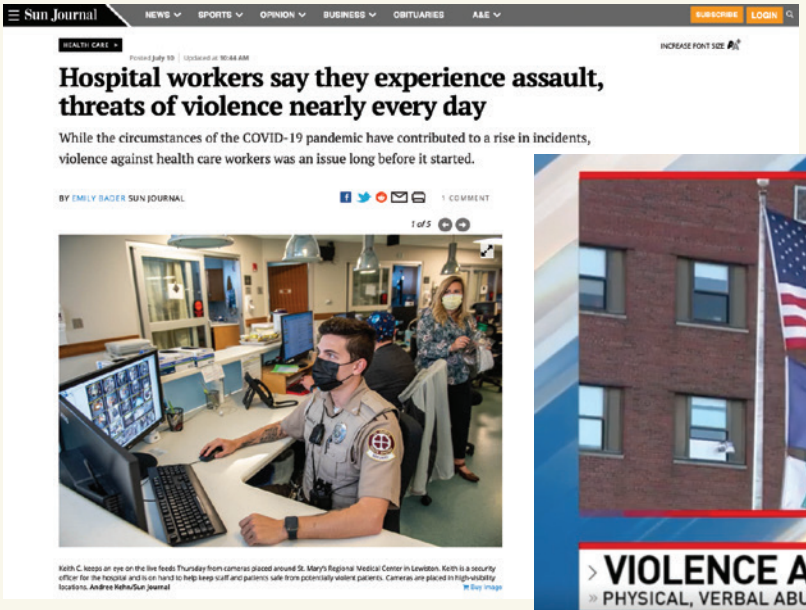
This unacceptable situation demands a response.

Sadly, much of the violence, particularly in emergency rooms, is intertwined with behavioral health challenges many patients face. No one is more sensitive to this issue than our staff. However, this can't be an excuse for doing nothing.

According to OSHA, 75% of all workplace violence incidents reported were in the healthcare setting.

- 50% of all emergency room physicians report having been assaulted while on the job;
- Over 70% have witnessed an assault, and
- Over 80% have heard threats being made.

Hospitals are taking many steps to prevent or reduce violence—from security cards and panic buttons, to more door locks and de-escalation training. From police to prosecutors, we need our criminal justice partners to recognize this problem and help us address it.


Sun Journal

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HEALTH CARE

INCREASE FONT SIZE

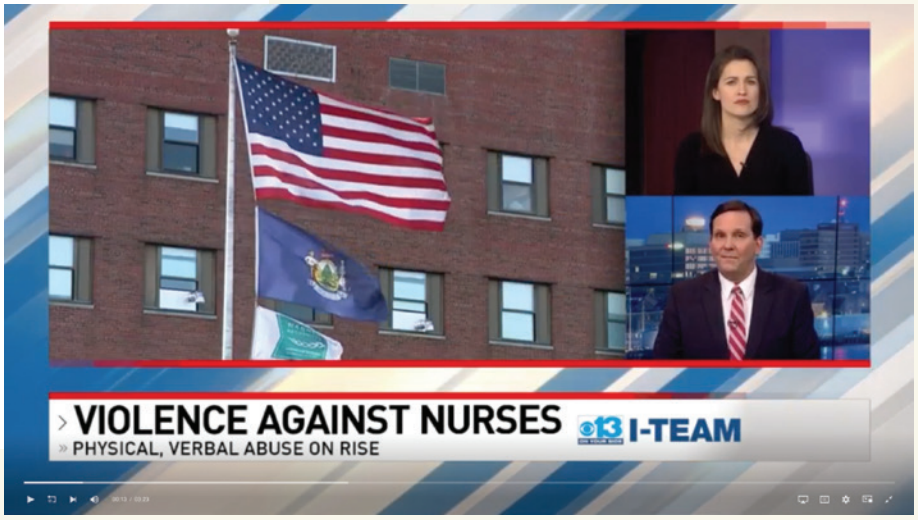
Hospital workers say they experience assault, threats of violence nearly every day

While the circumstances of the COVID-19 pandemic have contributed to a rise in incidents, violence against health care workers was an issue long before it started.

BY EMILY BADER SUN JOURNAL 1 COMMENT

1 of 5

Keith C. keeps an eye on the live feeds Thursday from cameras placed around St. Mary's Regional Medical Center in Lewiston. Keith is a security officer for the hospital and is on hand to help keep staff and patients safe from potentially violent patients. Cameras are placed in high-visibility locations. Andree Kehn/Sun Journal



Maine Hospital Tax

Maine imposes a $125+ million tax on hospitals annually.

Maine's hospital tax program roughly works like this:

- Maine hospitals pay a tax to the state general fund each year. The amount paid in 2022 will be approximately $127 million. Maine's statute does NOT dedicate that payment to anything, but in practice the funding is used to finance the Medicaid program.
- The Medicaid program makes supplemental pool payments to hospitals (sometimes called "match") proportionate to the hospitals' Medicaid caseload. That is, the more Medicaid patients a hospital serves, the higher the supplemental payment to that hospital.
- The aggregate amount of these supplemental pool payments to hospitals will be approximately $103 million in 2022. The supplemental pool payment is a Medicaid payment and is therefore largely financed by the federal government.

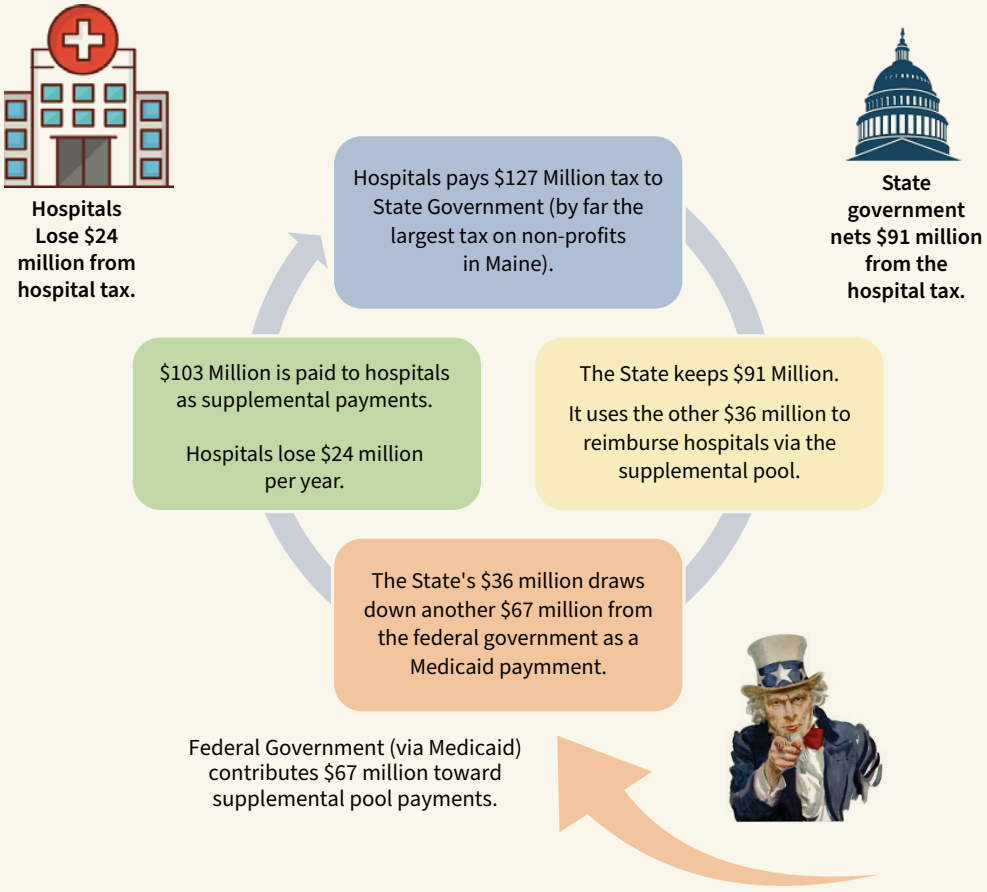
In other words, **hospitals lose approximately** $24 million ($127M - $103M) from this supplemental payment program every year. The state, in turn, makes $91 million.

The hospital tax has increased more than 34% over the past five years ($95M to $127M).

The state pays only $250 million from **state** revenue sources each year to cover the costs of providing hospital care to Medicaid patients. If the hospital tax revenue were entirely dedicated to Medicaid, it would cover over half of what the state pays to hospitals.

Hospitals are roughly equal partners with the state in terms of financing the hospital portion of the state's costs in Medicaid. In contrast, public schools don't have to provide half of their own revenues to educate students. But for some reason, Maine hospitals have to pick-up half the cost of treating Medicaid patients.

No other healthcare provider group supplies this level of financial support for the Medicaid program. Hospitals need relief.



Medicaid Continues to Undercompensate Hospitals

The Maine Legislature is responsible for setting the state's Medicaid (known as MaineCare) budget each year. Although the federal government covers a majority of the cost of the program, it is the state government that determines reimbursement amounts within federal guidelines.

Medicaid Undercompensates Hospitals: Medicaid does not fully compensate hospitals and doctors for the cost of providing care to Maine's Medicaid population.

Hospitals are compensated differently based upon their organization. Payment systems for inpatient and outpatient services are structured differently. That said, Medicaid provides 72 cents in reimbursement for each dollar of care provided in the aggregate.

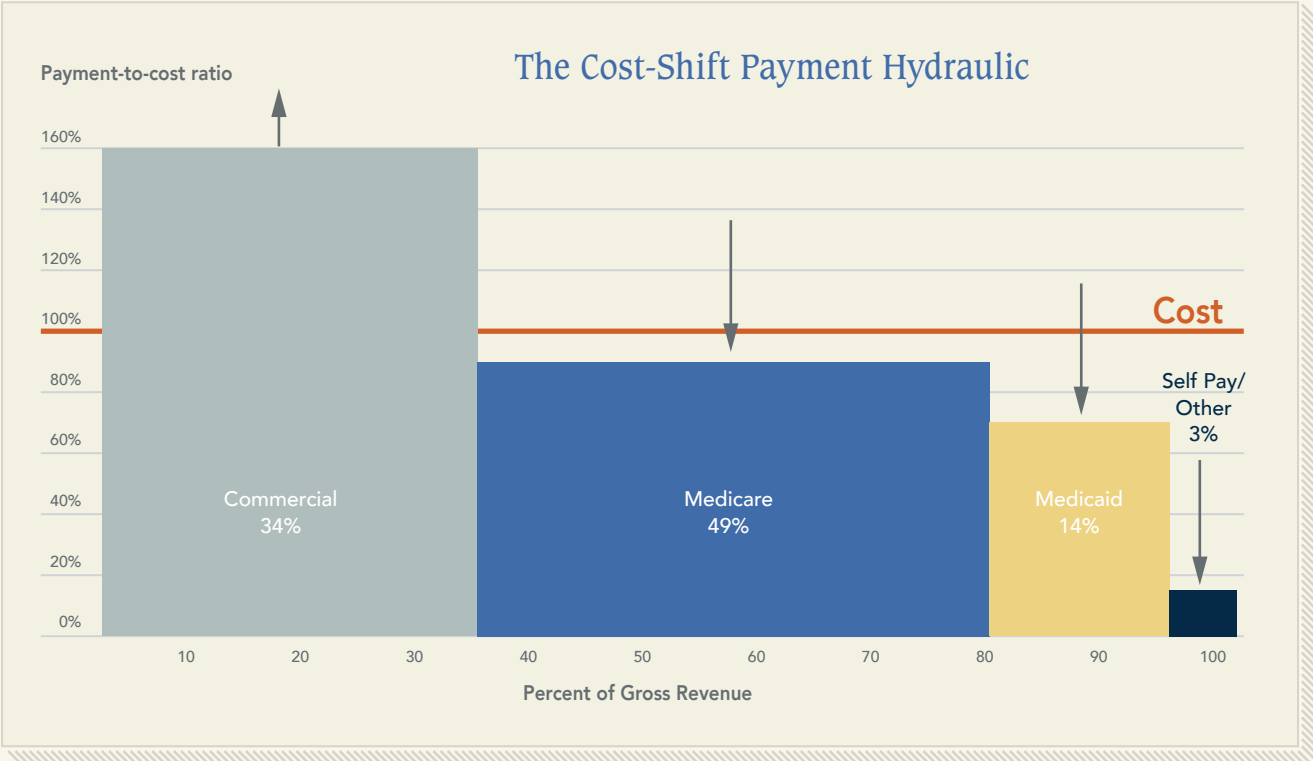
Cost Shifting: Medicaid is not the only payer that does not fully cover its costs. Neither does Medicare. Also, most uninsured patients pay very little toward their cost of care.

Accordingly, those covered by commercial insurance have to pay more than their share to cover the losses caused by others in the system.

Like other providers in Medicaid, hospitals continue to experience losses because Medicaid reimbursement is below the actual cost of providing care to Medicaid patients. Last session, the Legislature did raise the reimbursement provided to rural health clinics and doctors who work in hospitals. Thank you.

Supplemental Payments: Some state Medicaid programs provide a variety of "supplemental" payments to their hospitals. For the most part, Maine does not. For example, the federal government allows state Medicaid programs to make a "Disproportionate Share Hospital" (DSH) payment to hospitals that serve a disproportionate share of poor patients; Maine does not make DSH payments to Maine hospitals.

The largest supplemental payment that Maine does make is called the supplemental pool payment (see p. 9). That payment is not included in the table below. However, the amount of that supplemental payment is less than the hospital tax, which is also not included in the table below. If we included that supplemental payment and the associated hospital tax, it would actually reduce the Medicaid cost coverage ratio illustrated in the table. In other words, Medicaid compensation would look worse – not better.



Note: This data is from 2020, prior to the impact from Medicaid expansion.

Total Medicaid Budget Continues to be Remarkably Stable

Over the past several years, the overall level of spending in Medicaid has been stable. This is remarkable because of Medicaid's nature as an entitlement program.

Entitlement: Medicaid provides a variety of services from hospital care to nursing home care. If a person qualifies for Medicaid, then he or she is entitled to receive the covered services needed. It is the only significant entitlement program administered by the state.

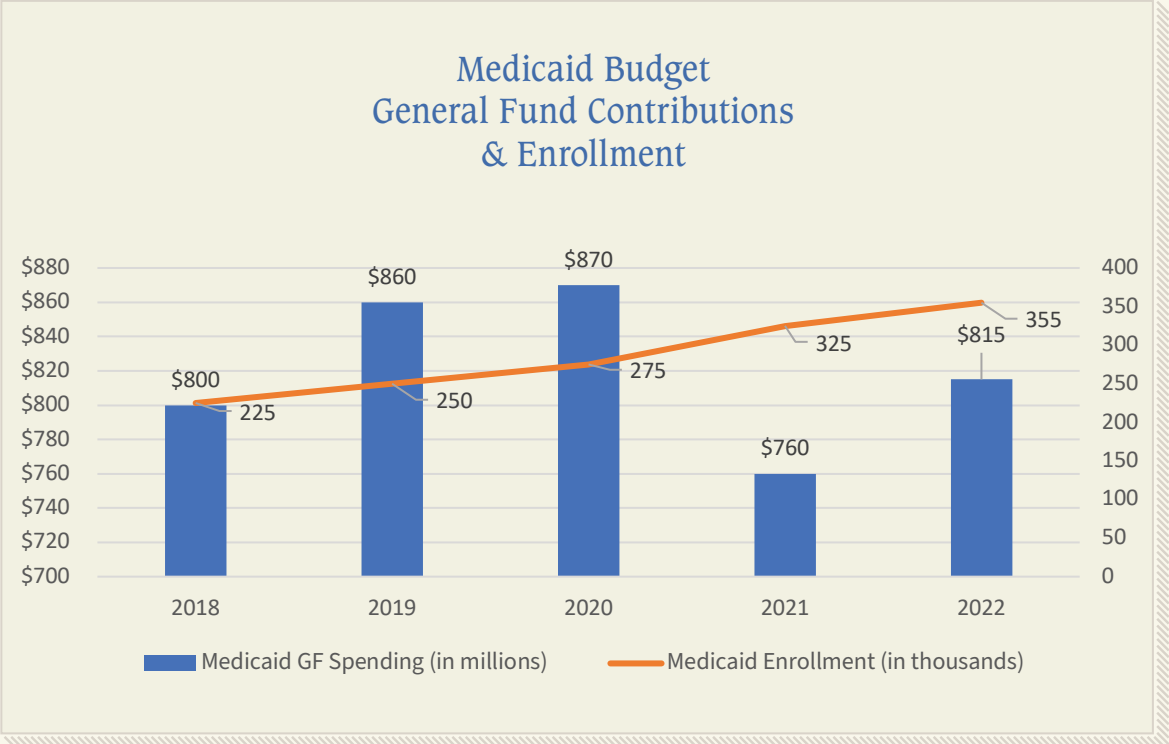
> General Fund expenditures within the Medicaid program have grown at an average rate of 0.5% per year since 2018; while enrollment has grown approximately 14% per year.

Medicaid Expansion: The expansion of Medicaid in January 2019 (the second half of SFY 2019) has led to an increase in total Medicaid spending. However, the state's share of that spending with General Fund resources is a little over 10% as compared to the normal state responsibility in Medicaid of approximately 35%.

Enrollment: Enrollment in Medicaid has increased dramatically since 2018 from roughly 225,000 lives covered to more than 350,000 lives covered.

COVID-19: COVID caused a significant drop in MaineCare utilization and savings to the Medicaid budget. There has also been a temporary increase in the federal share of Medicaid costs, and a corresponding reduction in the General Fund obligation. This has artificially reduced the General Fund exposure and will need to be accounted for in SFY 2023 as the additional federal assistance is due to expire this year.

Bottom Line: Medicaid spending is not out of control, even with the increase in caseload.



Maine Hospitals Experiencing Financial Challenges

Over the past couple of years, Maine hospitals have two unusual reasons for their financial challenges. First, at the beginning of the pandemic in 2020, Governor Mills told hospitals that they needed to shut down, causing the loss of revenue from scheduled (elective) procedures. Patients were slow to return and revenues suffered for more than a year.

The issue currently hurting hospitals is the issue hitting everyone: inflation. Worldwide demand for many hospital-related expenses exploded during COVID, particularly for labor, as we describe in the workforce section on pp. 14-15. The overall increase in hospital expenses nationally was 25% during the pandemic. Medicare and Medicaid rates did not respond accordingly.

Operating Margins: Seventeen hospitals had negative margins in 2020 after having dropped to a recent low of only 13 in 2019. Since 2012, an average of 17 hospitals have had negative operating margins.

During 2020, the aggregate operating margin for all hospitals in Maine was only 0.3%. The reasons were because of lower utilization of elective procedures caused by the Governor's request to stop these services at the beginning of the pandemic, and rising costs for hospital goods and services because of the worldwide spike in demand for things like gloves and gowns and for nurses.

A persistent contributor to lower margins at hospitals is uncompensated care. This is the combination of both free care and bad debt.

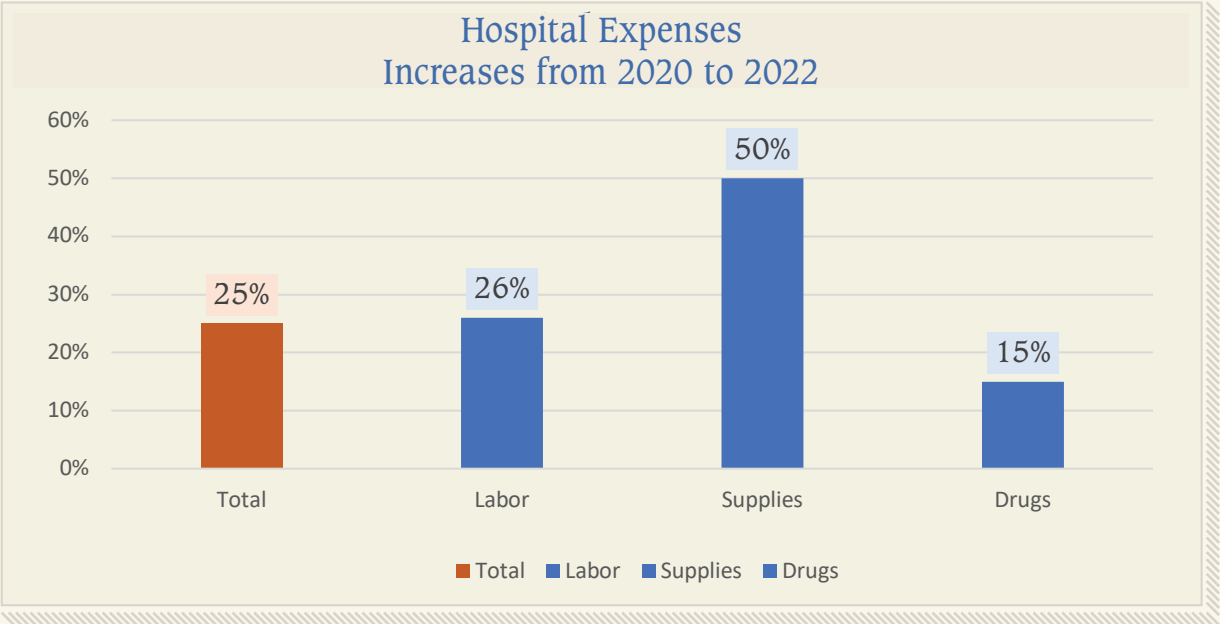
Free Care—care provided for which no payment is sought; and

Bad Debt—care for which payment is sought but not received.

Bad debt has grown over the past decade because many employers are moving their employees into high-deductible health insurance plans. When those workers can't afford the higher deductibles, the bills go unpaid and hospital bad debt rises. The growth in bad debt levelled off in 2020, although that may simply be a function of lower utilization (there were 20,000 fewer surgeries in 2020 than in 2019).

Charity care has fallen, largely because of increased coverage from both Medicaid expansion and subsidies in the individual market.

In a time of such low margins, hospitals need Medicaid to increase reimbursement rates, particularly for inpatient services, which have not increased in a decade.



Source: Kaufman Hall (May 2022, Nation Hospital Flash Report).

Maine Hospitals Comparison of Operating Margins

	2012	2013	2014	2015	2016	2017	2018	2019	2020
Bridgton Hospital	3.45%	3.19%	7.27%	4.05%	-0.27%	1.81%	-3.12%	-4.05%	4.04%
Calais Community Hospital	-8.84%	-6.95%	-9.02%	-5.23%	-3.49%	-6.58%	-2.28%	-3.24%	13.48%
Cary Medical Center	-1.05%	-3.91%	3.63%	3.17%	-1.00%	-1.35%	1.41%	1.28%	1.31%
Central Maine Medical Center	-1.08%	-4.36%	1.76%	2.95%	-1.84%	-3.18%	-3.15%	-4.83%	-2.63%
Down East Community Hospital	-2.48%	-4.53%	-5.35%	-0.57%	2.00%	1.60%	0.27%	4.11%	5.27%
Franklin Memorial Hospital	-0.29%	-9.78%	-4.20%	-0.69%	-6.21%	-6.38%	-7.18%	-12.02%	-0.03%
Houlton Regional Hospital	-4.43%	-8.90%	-1.73%	-1.46%	-2.40%	-1.07%	-0.79%	-1.20%	0.14%
LincolnHealth	*	*	-1.26%	2.47%	0.52%	3.39%	3.58%	2.62%	-1.76%
Maine Medical Center	3.29%	1.05%	3.50%	3.51%	4.73%	4.60%	4.60%	4.60%	0.31%
MaineGeneral Medical Center	3.52%	3.16%	-3.61%	-6.15%	0.05%	-4.26%	0.42%	1.23%	-1.48%
Mid Coast Hospital	0.89%	1.38%	2.54%	1.91%	0.60%	1.65%	0.36%	2.85%	-8.64%
Millinocket Regional Hospital	-1.77%	-1.63%	-9.04%	-3.12%	-2.90%	-4.66%	-20.89%	-6.54%	-1.16%
Mount Desert Island Hospital	-4.27%	-1.78%	-2.43%	1.12%	0.51%	3.93%	2.96%	0.85%	2.40%
Northern Light A.R. Gould Hospital	-1.97%	1.11%	-3.14%	0.14%	-10.44%	0.94%	2.56%	-0.38%	-0.39%
Northern Light Acadia Hospital	4.14%	9.47%	2.30%	4.68%	6.33%	19.82%	5.90%	15.56%	10.50%
Northern Light Blue Hill Hospital	2.01%	4.34%	5.27%	6.46%	2.72%	2.34%	10.86%	4.50%	7.06%
Northern Light C. A. Dean Hospital	1.92%	3.69%	-1.59%	-1.20%	-10.93%	6.26%	11.00%	10.02%	6.31%
Northern Light Eastern Maine Medical Center	8.84%	4.58%	2.50%	5.49%	3.83%	3.25%	1.01%	5.18%	-4.00%
Northern Light Inland Hospital	0.99%	1.17%	-2.31%	0.31%	-0.80%	1.20%	-4.00%	-7.69%	-3.97%
Northern Light Maine Coast Hospital	-1.28%	-0.47%	-6.52%	-9.68%	-7.43%	-7.52%	-5.58%	2.26%	-6.66%
Northern Light Mayo Hospital	-2.40%	-4.37%	-1.88%	-0.02%	-3.27%	-3.60%	-2.96%	-5.94%	-8.13%
Northern Light Mercy Hospital	-6.76%	-4.21%	1.15%	-10.22%	-7.92%	-1.85%	0.69%	5.28%	-5.31%
Northern Light Sebasticook Valley Hospital	0.76%	4.68%	6.49%	3.31%	3.95%	10.40%	13.83%	10.00%	6.77%
Northern Maine Medical Center	29.61%	4.56%	0.50%	1.50%	0.40%	13.30%	0.70%	0.82%	2.50%
Pen Bay Medical Center	-4.04%	-0.04%	0.94%	-3.35%	-6.76%	-3.95%	0.74%	1.95%	3.55%
Penobscot Valley Hospital	-0.42%	-2.01%	-3.90%	-5.24%	-9.84%	-8.72%	-5.44%	-1.93%	8.04%
Redington-Fairview General Hospital	-0.87%	-2.85%	-3.65%	-3.65%	0.01%	0.12%	0.17%	2.65%	2.26%
Rumford Hospital	-1.18%	-1.58%	0.94%	-1.23%	-2.44%	-0.29%	-4.22%	-2.30%	6.33%
Southern Maine Health Care	*	*	*	-3.41%	-2.83%	-0.17%	-2.26%	1.85%	-7.07%
Spring Harbor Hospital/Maine Behavioral Healthcare	-1.90%	1.74%	0.41%	0.43%	-1.63%	2.26%	1.48%	1.43%	-2.08%
St. Joseph Hospital	5.38%	8.04%	8.97%	1.33%	2.20%	0.63%	-9.42%	0.72%	-0.33%
St. Mary's Regional Medical Center	-2.60%	0.07%	-1.67%	-1.68%	1.01%	-0.52%	-11.93%	-0.41%	-6.06%
Stephens Memorial Hospital	5.44%	3.97%	6.38%	4.95%	2.54%	2.10%	2.18%	4.20%	6.45%
Waldo County General Hospital	4.75%	1.96%	-1.54%	6.71%	5.73%	7.63%	4.53%	5.38%	4.03%
York Hospital	-1.06%	-1.12%	-1.91%	-0.51%	-1.45%	-1.60%	-1.17%	-3.89%	-8.33%

Color Code

Operating Margins < 0

Operating Margins 0–4.99%

Operating Margins 5%+

Source: Maine Health Data Organization, Audited Financial Statements

* Not Available

Workforce Challenges Are Acute

Maine's aging population creates a higher demand for healthcare services. And our existing healthcare workers are reaching retirement age themselves. In addition, the pandemic created an incredibly stressful environment and staff burnout is real.

The result is a shortage of workers. MHA surveyed our membership for RN nursing vacancies, and found that hospitals have approximately 1,500 nurse vacancies statewide. This does not include nursing homes or other providers of nursing services.

As you know, the pandemic created a worldwide increase in the demand for nursing. This led to a rapid increase in nurses leaving full-time employment and joining so-called 'traveler' agencies that place nurses temporarily at facilities. The cost to the system for travelers exploded during the pandemic. Average weekly wages for nurse travelers in Maine more than doubled during the past 3 years:

- 2019: $1,591
- 2020: $1,836
- 2021: $2,868
- 2022: $3,308

We understand that the discussion of this issue has generated push-back. It shouldn't. The concern of hospitals is that there is no transparency regarding the fees and profits of these staffing agencies. If a for-profit company dramatically increased the price of bottled water or generators during a hurricane-related public health emergency, there would be an investigation into possible price-gouging. All we are asking is for is some transparency into the agencies that are profiting - not the nurses who made a reasonable decision - to make sure these agencies aren't gouging the healthcare system.

A few years ago, we estimated that Maine would have a nursing shortage of more than 3,200 RNs by 2025. MHA recently had that forecast updated, and it is now estimated that we will have a shortfall of between 1,500 - 2,500. This is good news, but is still a substantial shortfall.

We can't just pay our way out of this problem with higher salaries (the U.S. already pays substantially more for nurses than do other developed nations); this isn't a demand-side problem. We need a bigger supply of candidates.

The Maine Legislature has taken a number of positive steps over the past few years. Initiatives have included debt forgiveness programs for nurses who agree to be faculty at our higher education institutions and tax relief for loan forgiveness programs offered by hospitals and other employers.

The workforce challenge is not restricted to nurses; we also have challenges related to housekeeping, IT staff, therapists and technicians, and administrative staff.

According to the Maine Department of Labor, overall hospital employment has not recovered from the pandemic.

If we are going to be able to provide the high quality care Mainers expect, we need to continue to take action on the healthcare workforce issue.

Highlights from the MHA nurse workforce report:

- Unemployment among RNs is very low (1.9%). This is below normal limits for a full employed labor force – there are always some members of the workforce who are in transition, for many reasons.
- The number of licensed, working RNs in Maine increased to 16,667 in 2020/2021 from 16,063 in 2015 (4% net increase). Every region within Maine benefitted from this increase.
- Between 2015 and 2020/21 we see a dramatic shift in the ages of RNs, as a group. The number of working RNs younger than 35 grew by over 1,000. No other cohort saw this level of an increase
- The improved projected shortage of RNs in Maine for 2025 was mostly driven by an annual increase in the number of early-career, newly educated and trained RNs by about 175 additional RNs (from a baseline of about 700 in 2016). Assuming all other things remain the same (retention rates, retirement levels, choice of setting and choice of practice by working RNs, etc.), the state would need to have an additional 147 early-career RNs each year in order to mitigate the expected shortage in 2025.

Too Many Patients Are Stuck in Hospitals

One of the most persistent challenges facing Maine hospitals is patients who are stuck and awaiting proper placement.

There are two general categories of people who are stuck: patients who need to leave the hospital and patients who came to the emergency room with behavioral health needs.

Emergency Room Crisis

A typical person stuck in the emergency room is an adolescent with behavioral health needs.

Some need to be admitted to receive inpatient psychiatric service. More, though, need appropriate residential placement or intensive community supports at home.

> Many children with disabilities in Maine, especially those in rural areas or with more intensive needs, are unable to live at home with their families due to a lack of community-based behavioral health services. These services can include assistance with daily activities, behavior management, and individual or family counseling. Community-based behavioral health services also include crisis services that can prevent a child from being institutionalized during a mental health crisis. Absent these services, Maine children with disabilities enter emergency rooms, come into contact with law enforcement, and remain in institutions when many of them could be at home if Maine put in place sufficient community-based services.

Most frustrating, is when the adolescent has an appropriate, state-funded, residential placement and that residential provider 'dumps' the child at an emergency room because they can no longer handle the child's behavior. These kids can remain in the hospital for weeks at a time.

There are over 100 kids a month who sit in emergency rooms unnecessarily waiting for placement. And sometimes these kids can get violent and assault our staff. Keeping kids waiting for weeks in the emergency room for services is wrong and must change.

The federal Department of Justice (DOJ) just noted that Maine is failing kids with behavioral health needs.

Most troubling, the Department of Health & Human Services personnel who are supposed to respond to kids in crisis simply pass the buck to hospitals, the DOJ notes.

"When families request crisis services and none are available, caseworkers and other State contractors often direct families to emergency rooms or law enforcement."

The other large population who get stuck in the emergency room are adults with developmental disabilities. Overwhelmingly, these individuals do not need hospital care but need residential placement. Again, these folks often had a placement that is no longer willing to provide their care.

Patients Awaiting Discharge

Another stuck population are patients, often elderly, who received care in the hospital and are ready to leave, but do not have a safe place to be discharged.

Frequently, they have been living on their own unsuccessfully and now need a long-term care placement. Other times, they have had long-term care placement, but due to their behaviors, are no longer welcome to return to their former home.

For these situations, we know what the patient needs – appropriate residential placement – but the service is either not offered or is being denied to the particular patient.

These situations create three hardships: first and foremost, the patient is stuck and forced to stay at a hospital when they should be home; second, the hospital suffers significant financial loss because there is little or no reimbursement for these extended stays and, third, sometimes these individuals get violent and assault our staff.

This issue has received some positive attention from the Legislature in the past few years, but more needs to be done.

Tax Exemption

The tax exemptions historically received by nonprofits, including hospitals, must be preserved.

Hospitals are grateful to their municipal hosts for the valuable services they provide.

The hospital tax exemption exists because hospitals provide a public service. The government would have to provide medical care, particularly emergency care and care for the needy, if private hospitals weren't there.

> Hospitals subsidize Medicaid by as much as $300 million per year.

Nationally, 20% of hospitals are run by the government; in Maine, only one is a quasi-municipal entity.

Furthermore, the government views medical care as a public function through the appropriation of significant funding for Medicaid (and Medicare). If the financing of healthcare is a legitimate public goal, the provision of that care must be as well.

Maine's hospitals subsidize the underfunded public insurance programs. State government intentionally underfunds Medicaid by reimbursing hospitals $300 million below cost, knowing that hospitals will have to make up that loss elsewhere – this is the "cost shift" explained on page 10. It is but one way Maine hospitals subsidize public programs.

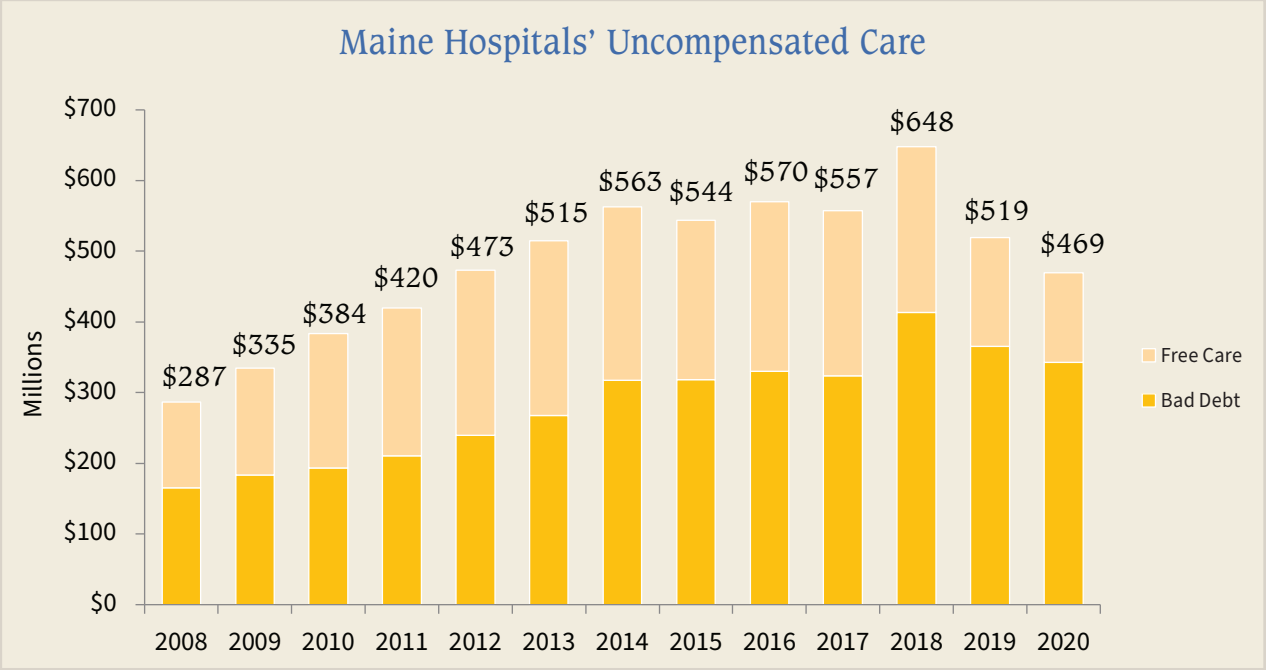
In many communities, it is the hospital or health system that subsidizes ambulance services, which many view as a government service.

When the police are called to deal with people who are violent because they are under the influence of drugs or because they suffer behavioral health problems, they often bring the person to a hospital for custody.

As we learned during the pandemic, Maine has a much thinner local public health infrastructure than in other states. Hospitals fill that gap.

Hospitals have earned their tax exemption and we hope our partners in government continue to support our mission.

As you can see from the chart below, Medicaid expansion has worked as intended to reduce hospital charity care to half of what it was 10 years ago. Bad debts remain high due to high deductible commercial health insurance plans but have levelled-off.



Uncompensated Care provided by Maine hospitals has been meaningfully reduced since Medicaid Expansion.

Maine's Hospitals

Hospitals are open 24 hours per day, 365 days per year. They provide care to all patients, regardless of their ability to pay.

There are 36 hospitals statewide. This is a reduction from 39 over the past few years.

All of the general hospitals are nonprofit (two are government affiliated). Maine's hospitals are governed by 450 trustees statewide.

Hospitals Ensure Access To An Entire Spectrum of Care: Today, hospitals oversee 11 home health agencies, 16 skilled nursing facilities, 18 nursing facilities, 12 residential care facilities, and more than 300 physician practices. In fact, half of all physicians now work for hospitals; many of whom would no longer be in practice without this option. Maine needs hospitals to provide access to care.

In many parts of Maine, the hospital and its related facilities are the only real healthcare option for residents. Half of Maine residents live in non-urban areas; nationally, that figure is a mere 15%.

Delivering healthcare in rural areas is a challenge. If independent providers are unavailable, which is often the case in rural areas, Maine hospitals are there to provide care to everyone.

Hospitals subsidize many services not historically associated with hospitals, including primary care practices, nursing homes and behavioral health clinics to help expand access to care. These services would not exist in many Maine communities without the backing of the local hospital.

Beds in Maine *(Note: AHA number (3490) plus IMDs (178))*	3,668
Inpatient surgeries	35,909
Outpatient surgeries	88,768
ED visits	653,257
Births	10,964

Conclusion

Thank you for accepting this open letter from the Maine Hospital Association.

MHA is non-partisan and does not endorse candidates for office. We are not asking that you fill out a questionnaire or take a pledge. We simply ask that you review the information in this document as you seek to shape public policy in Maine.

Maine hospitals are proud of the fact that they provide some of the best quality care in the country. Providing high-quality care, with both competence and compassion, is the primary mission of Maine hospitals. Hospitals are committed to continual improvement.

Hospital care has evolved to the point where keeping people out of hospitals is as central to their mission as is taking care of those in hospitals. Our members are doing more and more in the areas of primary care, care management and general public health in order to prevent the need for expensive procedures and hospitalizations. The transformation of hospitals from intensive care facilities to integrated healthcare networks is ongoing. No matter what changes the healthcare landscape may bring, hospitals are committed to keeping the focus on patient care.

Maine citizens understand that hospitals are there 24 hours a day, 365 days a year and are ready to provide the care they need when needed. In a rural New England state, it can be a challenge to provide care where it is needed. To keep people out of the Emergency Room or to reduce hospitalizations, people need access to primary care and other preventative services.

Hospitals provide more primary care than any other group or organization in Maine. Maine hospitals will continue to lead the effort to ensure that all Mainers continue to have access to high-quality care at the right time, in the right setting.

The healthcare policy challenges facing the Governor and 131st Legislature are not getting easier.

We look forward to working with you and we thank you for your willingness to review this information.

Thank you

To all of you running for office, thank you. Public service in the Legislature is an arduous task. Maine asks a great deal of citizen legislators and often it seems as if the only reward is criticism.

Thank you also for taking the time to read this material. If you have questions or would like to discuss this information, please feel free to contact the Maine Hospital Association and in particular, Jeffrey Austin, the Vice President for Government Affairs and Communications.

207-622-4794
jaustin@themha.org

MHA Member Hospitals

General Hospitals

Cary Medical Center—Caribou
Central Maine Medical Center—Lewiston
Franklin Memorial Hospital—Farmington
MaineGeneral Medical Center—Augusta and Waterville
Maine Medical Center—Portland
Mid Coast Hospital—Brunswick
Northern Light A.R. Gould Hospital—Presque Isle
Northern Light Eastern Maine Medical Center—Bangor
Northern Light Inland Hospital—Waterville
Northern Light Maine Coast Hospital—Ellsworth
Northern Light Mercy Hospital—Portland
Northern Maine Medical Center—Fort Kent
Pen Bay Medical Center—Rockport
St. Joseph Hospital—Bangor
St. Mary's Regional Medical Center—Lewiston
Southern Maine Health Care—Biddeford and Sanford
York Hospital—York

Critical Access Hospitals

Bridgton Hospital—Bridgton
Calais Community Hospital—Calais
Down East Community Hospital—Machias
Houlton Regional Hospital—Houlton
LincolnHealth—Damariscotta and Boothbay Harbor
Millinocket Regional Hospital—Millinocket
Mount Desert Island Hospital—Bar Harbor
Northern Light Blue Hill Hospital—Blue Hill
Northern Light Charles A. Dean Hospital—Greenville
Northern Light Mayo Hospital—Dover-Foxcroft
Northern Light Sebasticook Valley Hospital—Pittsfield
Penobscot Valley Hospital—Lincoln
Redington-Fairview General Hospital—Skowhegan
Rumford Hospital—Rumford
Stephens Memorial Hospital—Norway
Waldo County General Hospital—Belfast

Other

Private Psychiatric Hospitals
Northern Light Acadia Hospital—Bangor
Spring Harbor Hospital—Westbrook

State-Run Psychiatric Hospitals
Dorothea Dix Psychiatric Center—Bangor
Riverview Psychiatric Center—Augusta

Rehabilitation Hospitals
New England Rehabilitation Hospital—Portland

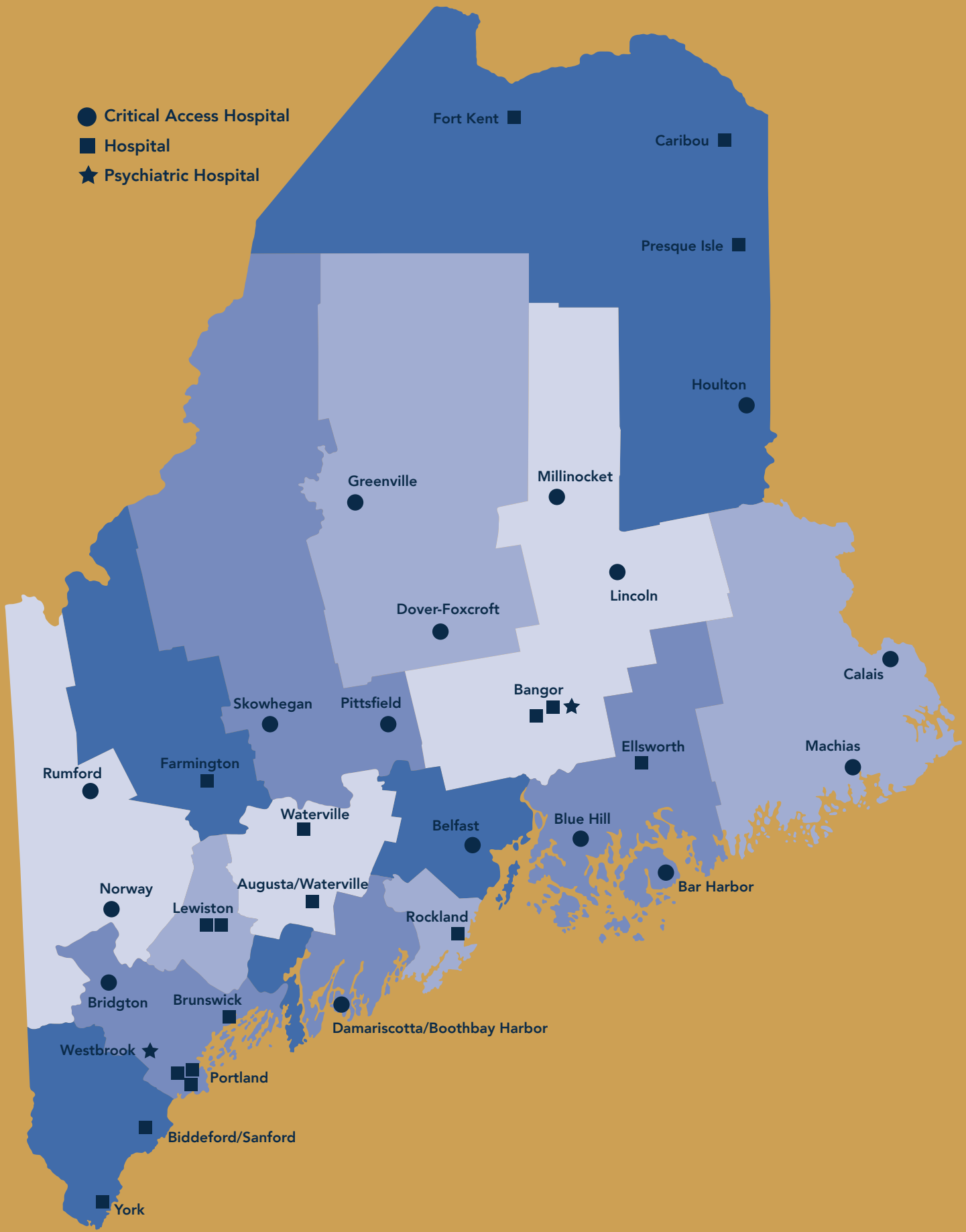
Multi-Hospital Health Systems
Central Maine Healthcare Corporation—Lewiston
MaineGeneral Health—Augusta
MaineHealth—Portland
Northern Light Health—Bangor

Types of Hospitals

- Prospective Payment System (PPS) Hospitals—17 hospitals;
- Critical Access Hospitals—16 hospitals;
- Psychiatric Hospitals (Institutes of Mental Disease)—2 hospitals; and
- Acute Rehabilitation—1 hospital.

Critical Access Hospitals must:

- Have no more than 25 beds;
- Cap inpatient stays at 96 hours; and
- Be in a rural or remote location.


Critical Access Hospital
Hospital
Psychiatric Hospital
Fort Kent
Caribou
Presque Isle
Houlton
Greenville
Millinocket
Lincoln
Dover-Foxcroft
Calais
Bangor
Skowhegan
Pittsfield
Ellsworth
Machias
Rumford
Farmington
Waterville
Belfast
Blue Hill
Bar Harbor
Norway
Augusta/Waterville
Lewiston
Rockland
Bridgton
Brunswick
Damariscotta/Boothbay Harbor
Westbrook
Portland
Biddeford/Sanford
York

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M H A
Maine Hospital Association
MAINE'S LEADING
VOICE FOR HEALTHCARE

33 Fuller Road
Augusta, ME 04330

Phone: 207-622-4794
Fax: 207-622-3073
jaustin@themha.org

www.themha.org

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