

# Hospital Issues for State Office Candidates



Maine Hospital Association

MAINE'S LEADING  
VOICE FOR HEALTHCARE

A publication of the  
Maine Hospital Association

September 1, 2018







September 1, 2018

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.

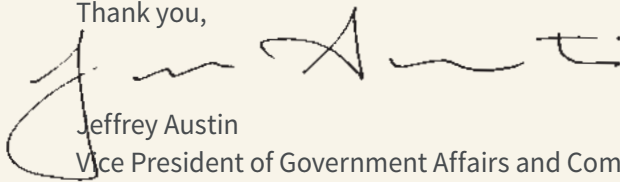
Maine Hospital Association represents all 36 hospitals in Maine and advocates for hospitals on state issues before the Maine Legislature and state agencies.

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,

A handwritten signature in black ink, appearing to read "Jeffrey Austin". The signature is fluid and cursive, with a large initial "J" and a long horizontal stroke extending to the right.

Jeffrey Austin

Vice President of Government Affairs and Communications

## What's Inside

- 4 Rural Hospitals on the Brink
- 6 Maine Hospitals are Among the Best in the Country
- 7 Hospitals Provide Vital Public Services as Private Entities
- 8 Hospitals are an Important Part of the Local Community
- 10 Medicaid Continues to Undercompensate Hospitals
- 11 Total Medicaid Budget Continues to be Remarkably Stable
- 12 Maine Hospitals Experiencing Financial Challenges
- 13 Maine Hospitals Comparison of Operating Margins
- 14 Maine Should Expand Medicaid Responsibly
- 16 Overdose Crisis
- 17 Tax Exemption
- 18 Maine's Hospitals
- 19 Conclusion
- 20 MHA Member Hospitals
- 22 MHA Board of Directors 2018-2019

## Rural Hospitals on the Brink

As you look across Maine today, there are many signs of hope and prosperity.

The state budget is balanced and growing. Unemployment is at historic lows and jobs are available. Home prices are rising, and uninsured rates are relatively low.

Yet, broad stroke reviews can mask real problems.

As we look at our member hospitals, we see troubling signs of financial weakness. That weakness is most acute at our smaller and more rural hospitals.

Rural Maine itself faces a number challenges:

- Unemployment levels are higher and income is lower;
- The mill jobs and other natural resource-based industries continue to erode and the “new economy” exists only in spots;
- Population growth is stagnant; and
- Health conditions are worse than in the more prosperous parts of Maine.

These challenges are all reflected in our hospitals.

Rural hospitals provide more uncompensated care, are more reliant on Medicaid reimbursement and have lower operating margins than do urban hospitals in Maine.

Let us expound on the point about operating margins—the balance of hospital revenues after expenses. In Maine, our nonprofit hospitals have thin margins. In SFY 2017, those operating margins were on average 1%. That is not healthy. Operating margins should be at least 3% to provide stability.

Our urban hospitals have operating margins of 2.2%—below where they should be, but they have balanced budgets.

Rural hospital operating margins were -1.3% in state fiscal year 2017. They lost money in state fiscal year 2016 as well.

In the aggregate, rural hospitals are under water.

When hospitals have financial challenges, it presents a dual risk to the people in rural Maine.

First, access to life-saving medical care is jeopardized.

Second, since hospitals are often the largest employer in the area, jobs and the resulting economic activity are at risk.

It is vital that rural hospitals survive.

Hospitals are not merely buildings. Hospitals often employ the only physicians that can provide certain types of care. If the hospital isn't

there, neither is the physician. Hospitals try to subsidize other necessary services like ambulances, nursing homes and home health care.

As you've seen lately, hospitals have had to make very difficult decisions to reduce the services they can provide. Whether its nursing homes for the elderly or obstetrical care for babies, the financial challenges at rural hospitals are having a real effect on real people.

The Maine Hospital Association is asking you to take action this session that will protect rural Maine and the hospitals they rely on.

Specifically, we're asking you to support fair compensation for physicians who agree to practice in rural Maine.

Attracting practitioners, particularly physicians, to rural Maine is difficult. Hospitals are the primary employer for physicians in rural Maine and hospitals lose money employing these physicians.

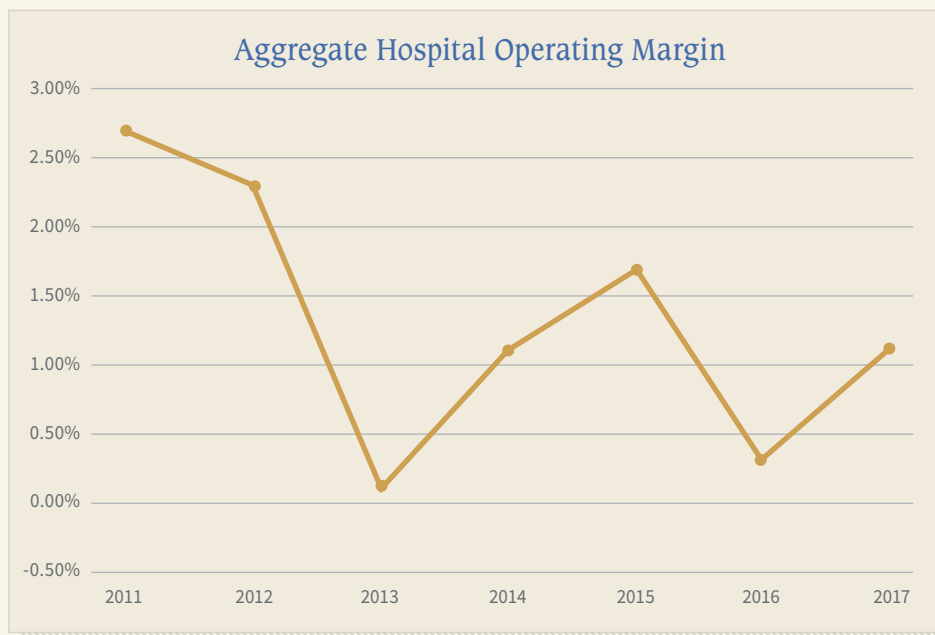
At a minimum, when these physicians see and treat Medicaid patients, the state should cover the costs of that care. Today, the state doesn't.

Currently, Medicaid undercompensates hospitals for physician services. State regulation mandates that hospitals be reimbursed only 85% of the cost of physicians.

This is simply wrong.

For years, hospitals have had to find other sources of revenue to cover the losses they experience in the Medicaid program. While this intentional under-reimbursement has never been right, it is now no longer possible for hospitals to subsidize the state's Medicaid program in this fashion.

Please help us save Maine's rural physician workforce.



## 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 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 the most recent analysis available from the federal government’s Agency for Healthcare Research and Quality (AHRQ), Maine healthcare is third best in the nation. In addition, AHRQ’s 2017 report, “Taking a Closer Look—State-by-State—at Health Care Quality” says that “The newest calculations show that Wisconsin, Massachusetts, Pennsylvania, Maine and North Dakota were the Nation’s top-performing States when it comes to overall healthcare quality.”

Maine hospitals have consistently been in the top 10 of the Leapfrog Group’s Hospital Safety Scores. Seven of the 18 hospitals named to Leapfrog’s list of Top Rural Hospitals are in Maine. Maine hospitals consistently are overrepresented on that list.

Although they are already leaders in providing high-quality healthcare, Maine’s hospitals still strive to improve. Most hospitals in Maine are working with the Centers for Medicare & Medicaid Services’ Hospital Improvement and Innovation Network (HIIN), a national effort to reduce all-cause harm by 20 percent and avoidable readmissions by 12 percent. MHA has been partnering with our member hospitals and the Health Research & Educational Trust on this important work.

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

**Experience of Care:** 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 of 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.

---

### How is quality measured?

There are essentially two kinds of quality metrics—those that measure processes of care and those that measure outcomes.

A process metric will compare a hospital’s performance to an accepted best practice. For example, how often a hospital provides an aspirin within one-hour of a patient’s heart attack.

An outcome measure will generally look at the prevalence of a condition or circumstance. For example, how many patients are readmitted to the hospital for heart-related problems within 30 days of being discharged following treatment for a heart attack.

---



## 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 government 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.**





## Hospitals are an Important Part of the Local Community

Maine's hospitals are some of the largest and most active economic and civic institutions in the state, employing thousands and spending billions of dollars.

In 2016, Maine hospitals directly employed almost 33,000 people and paid more than \$2.5 billion in salaries and benefits. Their total spending was \$5.7 billion, including \$5.5 billion in operating expenses and \$231.8 million in capital expenditures. As that money circulated through the Maine economy, it generated an additional \$4.5 billion in indirect and induced economic activity, leading to a total economic contribution of more than \$10 billion. This supported a total of 67,000 jobs, \$4 billion in wages and benefits and almost \$400 million in state and local taxes.

---

A Maine hospital  
is the largest employer in 9  
of Maine's 16 counties.

---

	Spending	Jobs (FTE)	Income
Hospitals	\$5,495,770,000	32,870	\$2,501,428,000
Capital Expenditures	\$231,785,000	1,100	\$66,570,000
<b>Direct Contribution</b>	<b>\$5,727,555,000</b>	<b>33,970</b>	<b>\$2,567,998,000</b>
Indirect Contribution	\$1,823,100,000	12,730	\$606,536,000
Induced Contribution	\$2,672,900,000	20,170	\$845,148,000
<b>Total Contribution</b>	<b>\$10,223,555,000</b>	<b>66,870</b>	<b>\$4,019,682,000</b>
Multiplier	1.8	2.0	1.6
State Taxes	\$396,571,000	-	-
Federal Taxes	\$842,152,000	-	-

Source: Maine Hospital Association survey of member hospitals, 45 North Research



In addition to these statewide contributions, Maine hospitals play vital roles within their regions. They provide access to medical care that allows rural communities to sustain their populations and they employ thousands of rural residents. Maine hospitals are located in 15 of 16 Maine counties. Hospitals are among the top five largest employers in all 15 of those counties.

Hospitals are vital economic engines. Although they represent only 1.8% of the 2,599 reporting public charities, hospitals are responsible for 54% of the sector's \$11 billion impact on the Maine economy, according to the Maine Association of Nonprofits.

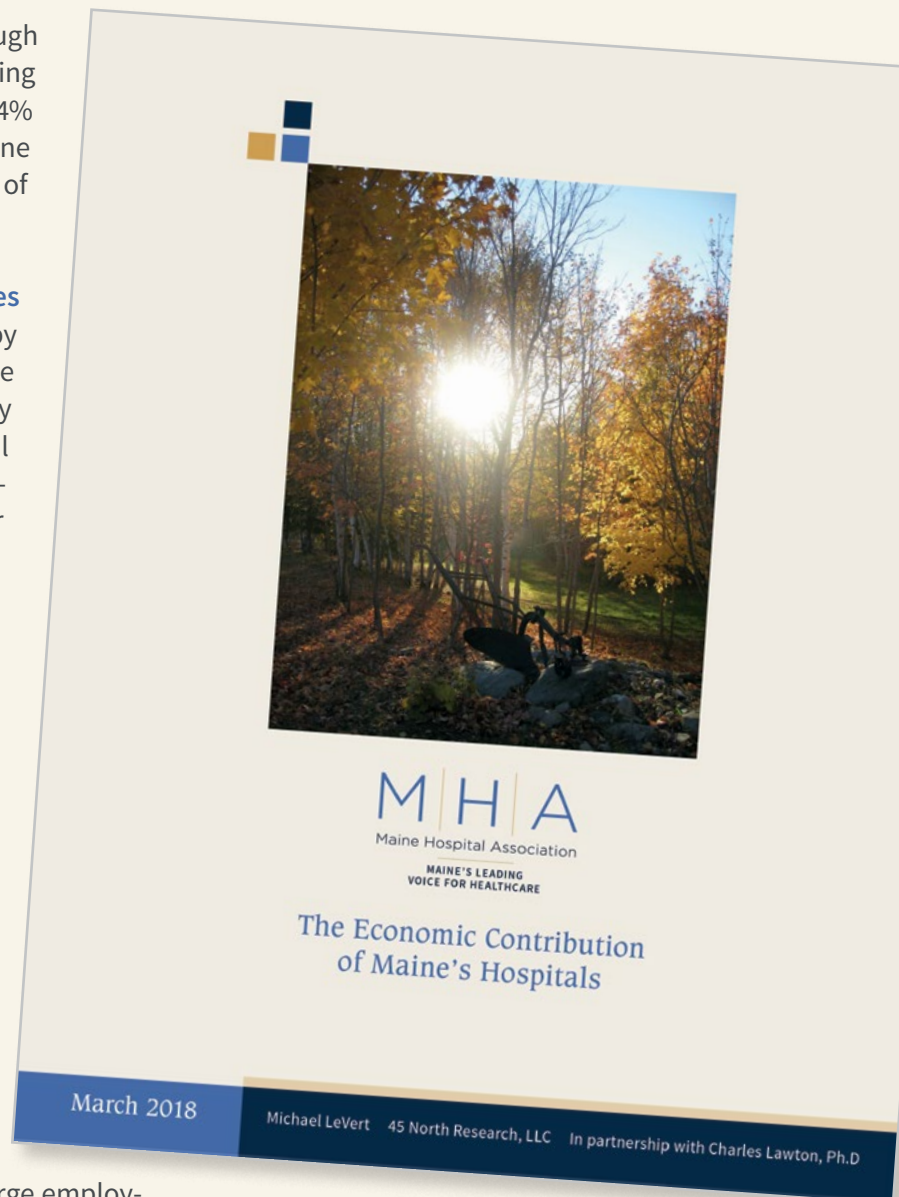
#### **Maine Health and Higher Education Facilities**

**Authority:** The state used to help hospitals by allowing them to borrow through the Maine Health and Higher Education Facilities Authority (MHHEFA). We ask you to restore that critical borrowing mechanism. MHHEFA has historically grouped multiple healthcare and higher education capital projects into one bond offering. This grouping is called moral obligation borrowing and results in significantly lower interest rates for the group compared to what the individual facilities would have received if they borrowed the funds on their own. Unfortunately, MHHEFA has been unable to sell a moral obligation group offering since 2010 and this has resulted in hospitals having to needlessly spend tens of millions of dollars in additional borrowing costs. Maine's next Governor needs to support MHHEFA and its borrowing and encourage it to once again play its critical role in financing Maine's healthcare system.

**Community Benefits:** In addition to the economic impact that hospitals can have as large employers, hospitals provide innumerable other community benefits.

For example, hospitals conduct comprehensive community health needs assessments and then develop the programs necessary to meet those needs. Hospitals are also the local source for flu shots, health screenings, professional and community education and charity care. In aggregate, these hospital investments not only improve the health of Maine people, but also provide extensive additional economic benefit to the local community in which these services occur.

Hospitals are proud members of the local economy in Maine.



# 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.

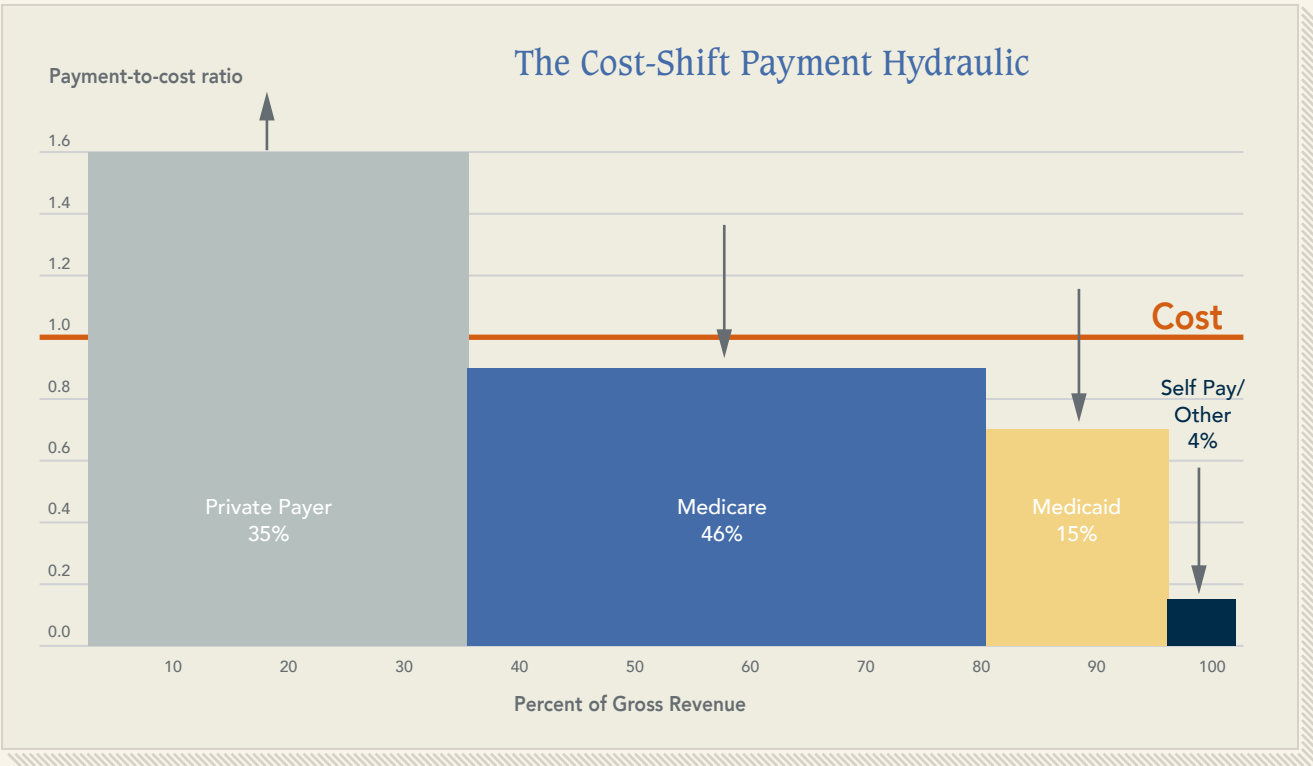
Like other providers in Medicaid, hospitals continue to experience losses because Medicaid reimbursement is below the actual cost of providing care to Medicaid patients.

The 126th Legislature cut hospital outpatient reimbursement rates by 10%. These cuts have never been restored.

The 127th Legislature cut hospital reimbursement for Emergency Department services. Those cuts were not restored.

The state needs to commit to increasing reimbursement rates to hospitals for the first time in more than a decade.

Hospital reimbursement rates have not changed in over a decade; it’s time for this to be fixed.



# 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 both Medicaid’s nature as an entitlement program and because of the way the Medicaid budget has been crafted historically.

**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.

**Booking Savings:** One of the more notable changes over the past few years is in the budgeting process. In previous years, the Legislature had typically pre-booked savings from various reform efforts within the Medicaid program in order to balance the budget.

If the reform effort succeeded, then the savings materialized and the budget was balanced. If the various reform efforts failed to achieve the budgeted savings, there is a budget gap. The Legislature is then called upon to fill the gap in later years.

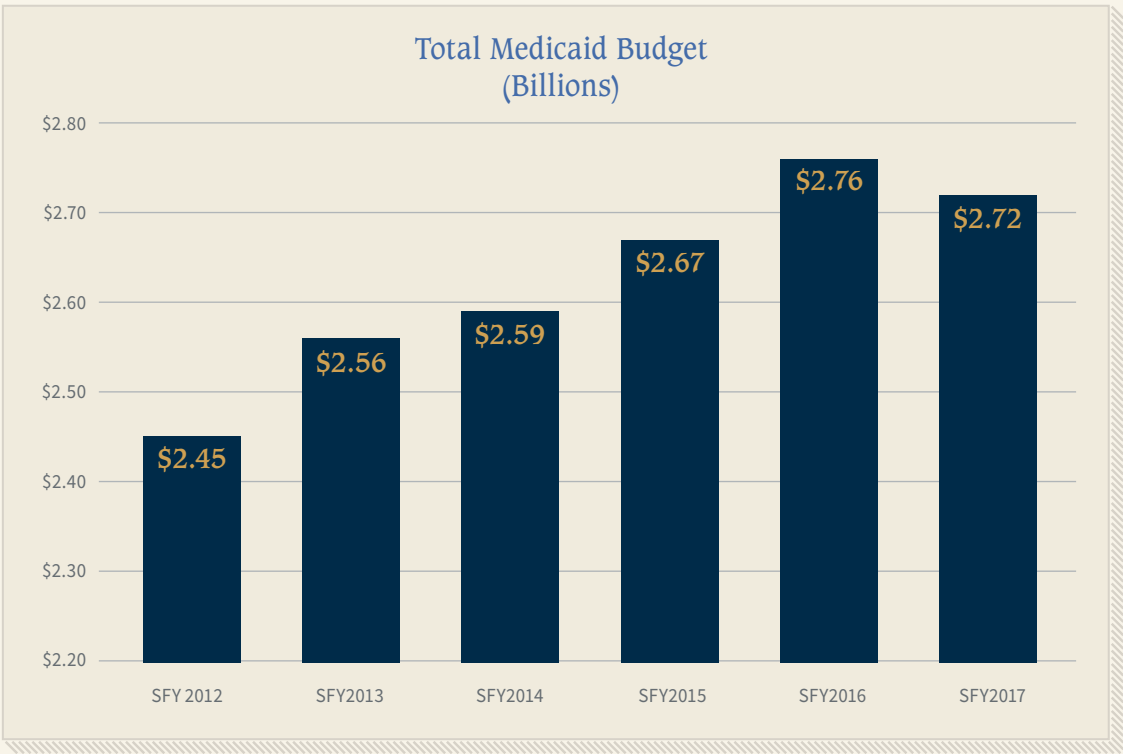
For these reasons, the Medicaid budget process had been less stable and subject to more revisions (in supplemental budgets) than are the budgets for other programs.

## Expenditures within the Medicaid program have grown at an average 1.6% per year since 2013.

However, the Administration and the Legislature have been much more cautious over the past few years about this “spend now, hope-for-savings-later” approach. Accordingly, the need for supplemental budgets in Medicaid has waned considerably.

The Medicaid budget is very big and difficult to craft because it is an entitlement. Plus, the use of tools like spending predicted savings or booking only a few months of expenditures makes frequent revisions more likely.

However, the bottom-line data demonstrate that Medicaid spending is not out of control.







## Maine Hospitals Experiencing Financial Challenges

In any given year, there will be a few hospitals that are having a financial challenge. That is always the case in healthcare.

While things have improved slightly since 2014, significant financial challenges remain.

**Operating Margins:** Seventeen hospitals had negative margins in 2017. Since 2012, an average of 19 hospitals have had negative operating margins.

During 2017, the aggregate operating margin for all hospitals in Maine was 1.3%. The reasons for this difficulty include both good news and bad news for the broader economy. For example, one of the leading reasons for lower margins is lower utilization of hospital services, particularly inpatient care.

Efforts undertaken by hospitals and others to avoid the most intensive care can both improve quality and save money for employers and insurance plans.

However, other reasons for the lower margins at hospitals include Medicaid and Medicare rate cuts. There have been tax increases at the state level and tens of millions of dollars per year in reduced Medicare reimbursement under the Affordable Care Act (ACA). Another significant contributor 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.

A major contributor to the growth in bad debt is the recent trend of employers 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 charity care has levelled off; albeit at a very high amount. In a time of such low margins, hospitals need Medicaid to finally increase reimbursement rates.

**Hospitals:** The total number of hospitals in Maine has declined by three since 2011.

Those three hospital facilities are still operating with a more focused purpose but are not independent hospitals.

They are:

- Goodall Hospital (Sanford),
- Parkview Adventist Medical Center (Brunswick), and
- St. Andrews Hospital (Boothbay Harbor).

## Maine Hospitals Comparison of Operating Margins

	2011	2012	2013	2014	2015	2016
Acadia Hospital	4.13%	4.14%	9.47%	2.30%	4.68%	6.33%
Aroostook Medical Center, The	3.11%	-2.03%	1.11%	-3.14%	0.14%	-9.90%
Blue Hill Memorial Hospital	2.34%	2.09%	4.34%	5.27%	6.46%	2.70%
Bridgton Hospital	14.82%	3.45%	3.19%	7.27%	4.05%	-0.27%
Calais Regional Hospital	-2.14%	-8.84%	-6.95%	-9.02%	-5.23%	-3.49%
Cary Medical Center	8.16%	-1.05%	-3.91%	3.63%	3.17%	-1.00%
Central Maine Medical Center	-2.76%	-1.08%	-4.36%	1.76%	2.95%	-1.84%
Charles A. Dean Memorial Hospital	10.44%	1.96%	3.69%	-1.59%	-1.20%	-10.90%
Down East Community Hospital	-2.23%	-2.48%	-4.53%	-5.35%	-0.57%	2.00%
Eastern Maine Medical Center	2.58%	9.18%	4.58%	2.50%	5.49%	3.90%
Franklin Memorial Hospital	1.57%	-0.29%	-9.78%	-4.20%	-0.69%	-6.21%
Houlton Regional Hospital	-0.42%	-4.43%	-8.90%	-1.73%	-1.46%	-2.40%
Inland Hospital	3.66%	0.99%	1.17%	-2.31%	0.31%	-0.78%
LincolnHealth	*	*	*	-1.26%	2.47%	0.52%
Maine Coast Memorial Hospital	5.45%	-1.28%	-0.47%	-6.52%	-9.68%	-5.20%
Maine Medical Center	2.43%	3.29%	1.05%	3.50%	3.51%	4.73%
MaineGeneral Medical Center	4.84%	3.52%	3.16%	-3.61%	-6.15%	0.05%
Mayo Regional Hospital	1.13%	-2.40%	-4.37%	-1.88%	-0.02%	-3.30%
Mercy Hospital	-8.38%	-6.76%	-4.21%	1.15%	-10.22%	-7.92%
Mid Coast Hospital	4.39%	0.89%	1.38%	2.54%	1.91%	0.60%
Millinocket Regional Hospital	1.72%	-1.77%	-1.63%	-9.04%	-3.12%	-2.90%
Mount Desert Island Hospital	-1.43%	-4.27%	-1.78%	-2.43%	1.12%	0.51%
Northern Maine Medical Center	-0.37%	29.61%	4.56%	3.17%	2.34%	0.50%
Pen Bay Medical Center	2.05%	-4.04%	-0.04%	0.94%	-3.35%	-6.76%
Penobscot Valley Hospital	1.99%	-0.42%	-2.01%	-3.90%	-5.24%	-9.84%
Redington-Fairview General Hospital	-0.91%	-0.87%	-2.85%	-3.65%	-3.65%	0.01%
Rumford Hospital	11.34%	-1.18%	-1.58%	0.94%	-1.23%	-2.44%
Sebastacook Valley Health	3.22%	0.76%	4.68%	6.49%	3.31%	3.95%
Southern Maine Health Care	*	*	*	*	-3.41%	-2.83%
Spring Harbor Hospital/Maine Behavioral Healthcare	0.55%	-1.90%	1.74%	0.41%	0.43%	-1.63%
St. Joseph Hospital	9.05%	5.38%	8.04%	8.97%	1.33%	2.20%
St. Mary's Regional Medical Center	2.71%	-2.60%	0.07%	-1.67%	-1.68%	1.01%
Stephens Memorial Hospital	4.51%	5.44%	3.97%	6.38%	4.95%	2.54%
Waldo County General Hospital	8.69%	4.75%	1.96%	-1.54%	6.71%	5.73%
York Hospital	1.88%	-1.06%	-1.12%	-1.91%	-0.51%	-1.45%

Source: Maine Health Data Organization, Audited Financial Statements

\* Not Available

Color Code:

	Operating Margins < 0
	Operating Margins 0–4.99%
	Operating Margins 5.0%+

## Maine Should Expand Medicaid Responsibly

One of the most significant issues over the past four years has been the issue of whether or not Maine should expand Medicaid consistent with the Affordable Care Act.

MHA and its members strongly support expansion.

Hospitals support expansion because of the benefit it provides to uninsured Mariners. Insurance provides the full array of tools necessary to maintain health. Charity care is not enough.

Another benefit we hope for is that expansion will help improve the financial situation faced by hospitals. Hospitals in Maine are non profits that serve the poor. Hospitals will always give away a significant portion of their resources to help the needy. However, like any enterprise that hopes to continue, a hospital can't give it all away.

There is a gross imbalance between what hospitals are devoting to free care (5%) and what they are retaining each year (1.3%). And half of hospitals are retaining nothing-they are losing money.

We need Medicaid expansion to help rebalance each of these important goals.

We ask, once again, that Maine expand Medicaid and to do so responsibly.

**Background:** The ACA, as drafted, mandated that states provide Medicaid coverage for all citizens with incomes below 138% of the federal poverty level.

Expansion was debated and passed by the Legislature five times, but each of those enactments was vetoed.

Ultimately, it was enacted by the voters at referendum in 2017 and has not been subsequently repealed by the Legislature.

As such, it is the law in Maine.

**Number of Individuals Affected:** The Office of Fiscal and Program Review (OFPR) estimates that 90,000

individuals would be covered by expansion. The Department of Health and Human Services (DHHS) estimates approximately 82,000 will enroll. Some of these individuals are currently insured in commercial insurance, or are eligible for Medicaid now, but not enrolled.

**Financial Impact:** The estimate from OFPR is not that different from the DHHS estimate of costs.

There are two main areas of disagreement. One is the rate of growth of future cost and the other is whether there are state budget savings associated with Medicaid expansion.

The federal government will cover most of the costs of expansion for “newly eligible” individuals. The federal share of costs drops from 95% in 2018 and ultimately settles at 90% in 2020. Maine would be responsible for the balance.

In the regular Medicaid program, the federal government covers approximately 64% of the costs and the state covers the balance.

In Maine, many, but not all, of the 90,000 would be “newly eligible” and therefore benefit from the higher federal funding.

**State Budget:** Both OFPR and DHHS estimate significant state costs associated with expansion. They each estimate that the SFY 2019 costs (which began on July 1, 2018) will be approximately \$58 million, before accounting for any potential savings.

For the following 2020-2021 biennium, OFPR estimates the state's costs will be approximately \$150 million and DHHS estimates the state's costs will be \$180 million.

**Savings:** There are credible estimates of state budget savings that could result from Medicaid expansion. However, the savings are not all automatic and they will not cover the full costs of expansion.

A healthcare consulting group, Manatt, provided an in-depth analysis of possible savings to the Appropriations Committee in February.

**Automatic Savings (\$13M):** Some “automatic” savings should occur when Maine expands Medicaid; “automatic”



means the Legislature does not need to take any further action other than to expand.

Some individuals who qualify for Medicaid today at a higher state share of cost will qualify under expansion at a lower state share of costs. For example, the state pays 1/3 of the Medicaid costs for women who qualify for Medicaid as a result of pregnancy. However, once we expand Medicaid, these women will be eligible for coverage prior to getting pregnant and the state will pay only 1/10 of the cost of their coverage.

Also, some uninsured individuals participate in state healthcare programs that are funded with only state funds. For example, the state pays 100% of the healthcare costs of prisoners who get hurt and need treatment in a hospital. After expansion, many of those individuals will be eligible for Medicaid coverage for their inpatient hospital care.

**Possible Savings (\$10M):** More controversial is the estimate that Maine can save money associated with behavioral healthcare. Many uninsured individuals currently receive mental health and/or substance abuse services from the state that are funded entirely by Maine. Some of these individuals will become eligible for Medicaid and thus the brunt of these costs will shift to the federal government.

However, there will still be uninsured individuals after Medicaid expansion. For the state to realize these savings, the Legislature would have to decide to cut the current allocations for behavioral health services for the remaining uninsured. Whether that is good policy and whether a future Legislature would do that, is less clear; it's certainly not automatic.

**Bottom Line:** Medicaid expansion will provide healthcare coverage to tens of thousands of uninsured Mainers and it will bring \$500 million of federal funding per year into Maine.

While the state's share of costs is meaningful, in the current budgetary environment, the Legislature could fund these costs from existing resources if it prioritizes Medicaid expansion.

It is essential that you do so.



## Overdose Crisis

Maine saw 418 overdose deaths in 2017, compared to 376 in 2016. However, by enacting some of the strictest prescribing rules in the nation, the state has taken significant steps to reduce the chances that a legitimate pain prescription will lead a patient on the path to addiction. In fact, opioid prescriptions in Maine were down 32% from 2013 to 2017; the national decline was 22%. These state regulations are not magic. With a considerable number of Mainers addicted to opioids, we need more treatment. Too many patients either can't find or afford treatment.

During the 128th Legislative Session, the Legislature has acted on a number of measures to address the opioid problem. Some of these bills were the result of the Opioid Task Force that met in 2017. (See sidebar).

Also, the supplemental budget that was enacted passed the increased funding for medication management, to establish a 'hub and spoke' treatment model, to expand drug courts and further criminalizing certain drug crimes (Ch. 460).

Finally, three laws were enacted (Ch. 213, Ch. 122 and Resolve Ch. 16) to both modify and implement the law enacted in 2016 that was one of the most restrictive in the nation regarding how opioids may be prescribed (Chapter 488).

While the job is clearly not done, much work has taken place and we are appreciative of that effort.

### Bills enacted have addressed issues like:

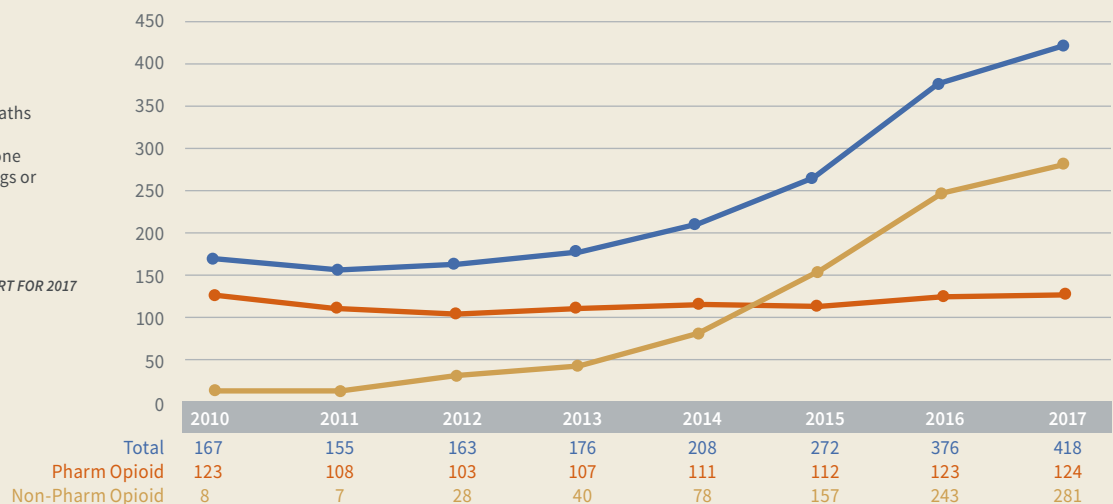
- Expanding Availability of Naloxone (Ch. 294, Ch. 364, Ch. 417),
- Improving Ability of Hospitals to Monitor Prescribing by Physicians (Ch. 87),
- Mandating that Prescribers Adopt Prescribing Policies that Include Risk Assessments (Ch. 186),
- Expanding Availability of Outpatient Treatment (Ch. 305),
- Enhancing the Prescription Monitoring Program by Including Methadone Treatment Information (Ch. 243),
- Prohibiting pharmaceutical manufacturers from giving gifts to prescribers (Ch. 267),
- Criminalizing fentanyl compounds (Ch. 274),
- Funding Needle Exchange Programs (Ch. 464),
- Expanding Recovery Housing (Ch. 415).

<http://legislature.maine.gov/doc/1990>

Total Deaths due to Pharmaceutical Opioids Compared to Non-Pharmaceutical (Illicit) opioids, Alone or in Combination

Figure 2.  
Comparison of the number of deaths due to pharmaceutical versus non-pharmaceutical opioids, alone or in combination with other drugs or alcohol.

Source:  
EXPANDED MAINE DRUG DEATH REPORT FOR 2017  
Margaret Chase Smith Policy Center,  
University of Maine.



## Tax Exemption

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

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

The clear justification for the hospital tax exemption is that hospitals provide a public service. Medical care, particularly emergency care and care for the needy, would have to be provided by the government if private hospitals weren't there.

Hospitals subsidize Medicaid and public health (charity care) by as much as \$280 million per year.

Nationally, 20% of hospitals are run by the government; in Maine, only two are quasi-municipal entities.

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.

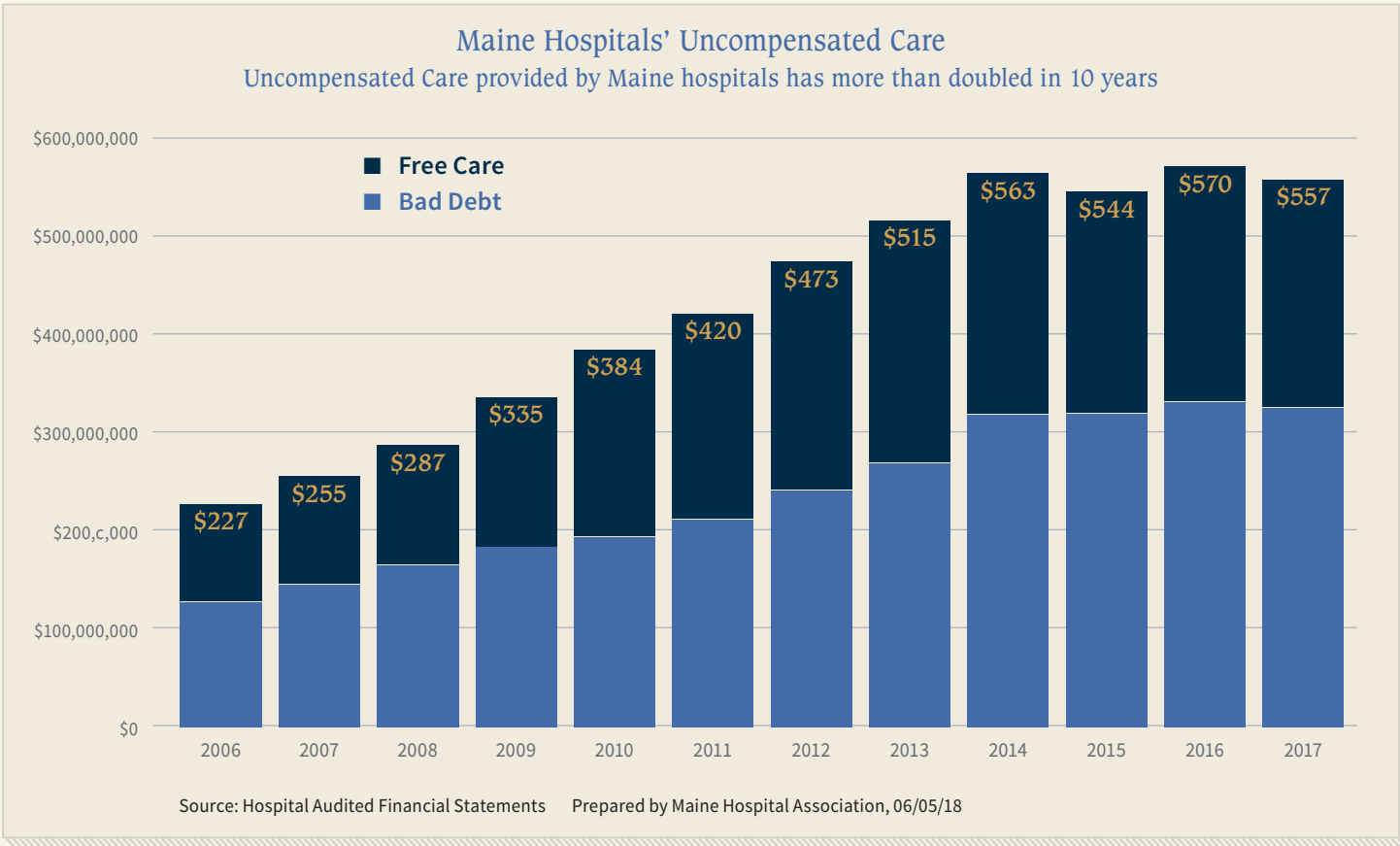
Maine's hospitals subsidize the public insurance programs, which are underfunded. The government intentionally underfunds Medicaid by reimbursing providers like hospitals below cost, knowing that hospitals will have to make up that loss elsewhere – this is the “cost shift” explained on page 10. It is but one way Maine hospitals subsidize public programs.

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

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

Maine has a much thinner local public health infrastructure than exists in other states. Hospitals help fill that gap.

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







## 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.

As of January 1, 2018 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 more than 500 trustees statewide.

### Hospitals Ensure Access To An Entire Spectrum of Care:

Today, hospitals oversee 11 home health agencies, 18 skilled nursing facilities, 19 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.

---

Total beds in Maine today—3,656

Total beds in Maine 1980—5,075

Inpatient surgeries per year—38,728

Outpatient surgeries per year—106,533

Emergency Department visits—633,00

Births—11,846

Beds per square mile in Maine—10

National average beds per square mile—21

---

## 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 parts of 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 129th 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

The Aroostook Medical Center—Presque Isle  
Cary Medical Center—Caribou  
Central Maine Medical Center—Lewiston  
Eastern Maine Medical Center—Bangor  
Franklin Memorial Hospital—Farmington  
Inland Hospital—Waterville  
Maine Coast Memorial Hospital—Ellsworth  
MaineGeneral Medical Center—Augusta and Waterville  
Maine Medical Center—Portland  
Mercy Hospital—Portland  
Mid Coast Hospital—Brunswick  
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

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

## Other

### *Private Psychiatric Hospitals*

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  
Eastern Maine Healthcare Systems—Bangor  
MaineGeneral Health—Augusta  
MaineHealth—Portland

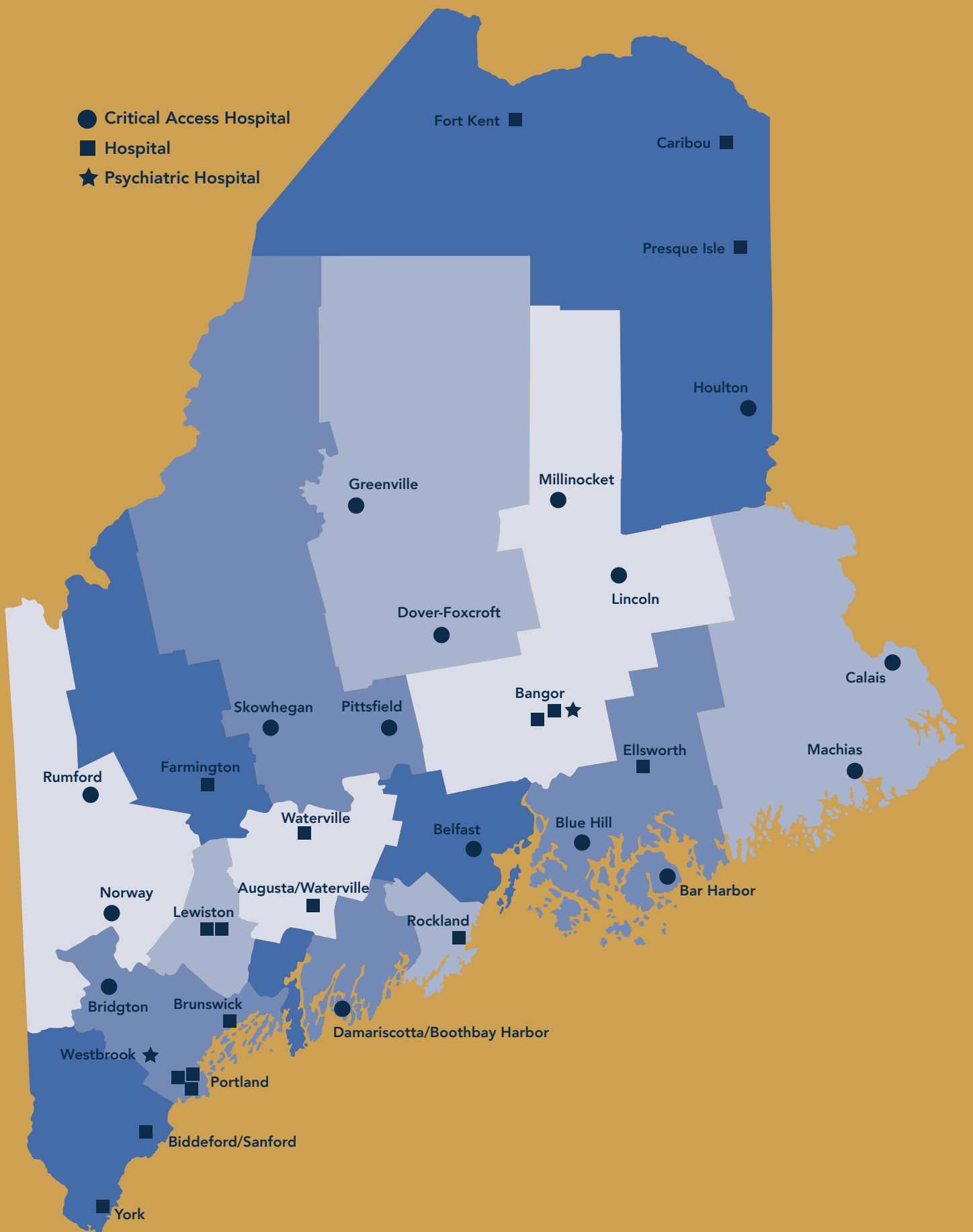
## Types of Hospitals

- 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.





## MHA Board of Directors 2018-2019

### Chair

Charles Therrien, President, Mercy Hospital

### Immediate Past Chair

Peter Sirois, Chief Executive Officer, Northern Maine Medical Center

### Chair-Elect

R. David Frum, President, Bridgton Hospital and Rumford Hospital

### Treasurer

John Ronan, President, Blue Hill Memorial Hospital and Maine Coast Memorial Hospital

### Secretary

Steve Diaz, M.D., V.P. & Chief Medical Officer, MaineGeneral Health

### President

Steven Michaud, Maine Hospital Association

### At Large Members

Jeff Brickman, Chief Executive Officer, Central Maine Healthcare

Rodney Boula, Chief Executive Officer, Calais Regional Hospital

William Caron, President, MaineHealth

Jeanine Chesley, Chief Executive Officer, New England Rehab Hospital of Portland

Kris Doody, Chief Executive Officer, Cary Medical Center

Mark Fourre, M.D., Chief Executive Officer, Pen Bay Medical Center and Waldo County General Hospital

M. Michelle Hood, Chief Executive Officer, Eastern Maine Healthcare Systems

Gary Poquette, Chief Executive Officer, Penobscot Valley Hospital

Dennis Welsh, Chief Executive Officer, Down East Community Hospital

Richard Willet, Chief Executive Officer, Redington-Fairview General Hospital

### OMNE —Nursing Leaders of Maine

Representative

Karen Mueller, R.N., Chief Nursing Officer, Mount Desert Island Hospital

### Ex-Officio Members

Chair, Healthcare Finance Council

Lugene Inzana, Sr. V.P. & Chief Financial Officer, Maine Medical Center

Chair, Mental Health Council

Stephen Merz, Chief Executive Officer, Maine Behavioral Healthcare

Chair, Public Policy Council

John Ronan, President, Blue Hill Memorial Hospital and Maine Coast Memorial Hospital

AHA Delegate

Arthur Blank, Chief Executive Officer, Mount Desert Island Hospital





ALFOND	EDGEComb	MILLETT
BAKER	GERZOFsky	MIRAMANT
BRAKEY	GRATWICK	PATRICK
BREEN	HAMPER	ROSEN
BURNS	HASKELL	SAVIELLO
COLLINS	HILL	VALENTINO
CUSHING	JOHNSON	VOLK
CYRWAY	KATZ	WHITTEMORE
DAVIS	LANGLEY	WILLETTE
DESCHAMBAULT	LIBBY	WOODSOME
DIAMOND	MASON	PRESIDENT
DILL	McCORMICK	THIBODEAU





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](mailto:jaustin@themha.org)

[www.themha.org](http://www.themha.org)



Caring for Our Communities