



June 24, 2020

The Honorable Janet Mills  
1 State House Station  
Augusta, ME 04333

Governor Mills,

Please accept this letter on behalf of Maine's 36 hospitals and the independent physicians in Maine which are facing an unprecedented financial challenge. We are asking the state to provide \$100 million in relief for hospitals and \$20M in relief for physicians.

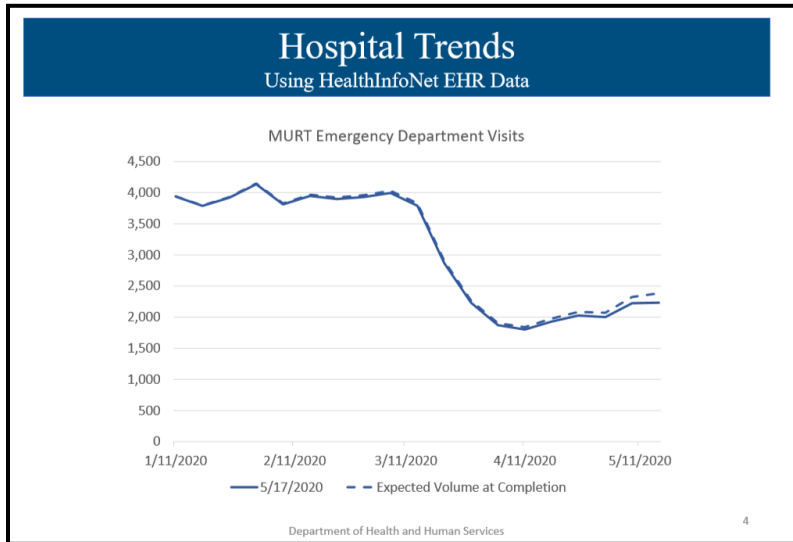
The Coronavirus pandemic has tested everything we do and how we do it. Through it all, hospitals and doctors have been there for the people of Maine. Maine hospitals and their dedicated doctors, nurses, janitors, food service workers and all the others who make-up the hospital team have been there 24-hours per day, 7-days per week meeting the COVID-19 challenge. All the while, hospitals and doctors remained available to deliver babies, fix broken arms and provide an array of healthcare services for Maine people.

However, this has come at a cost. According to the Maine CDC, as of Friday, 743 of those infected by the Coronavirus are healthcare workers. This is a full 25% of all infected in Maine. Healthcare workers are on the front lines of this pandemic and we are grateful for our truly courageous workforce.

**Financial Challenge.** In March, both the President and you directed hospitals and doctors to cease non-emergent services. Our members fully complied. Almost overnight, services at hospitals and physician practices dropped dramatically. We have surveyed our members and reviewed all available data and we are sure that **in the aggregate hospitals in Maine saw a reduction in their revenue of approximately 50% compared to pre-COVID period. Furthermore, independent physician offices lost more than half of their revenue, and some as much as 90%, directly related to delayed care and cancelled appointments.**

For example, the Medicaid program is reporting that for its members, inpatient utilization fell approximately 40% and emergency room utilization fell 50%. Our review shows that the Medicaid data is very representative of all payers in Maine.

As such, payers have enjoyed a windfall savings. Certainly, there are increased costs to the state from the pandemic as well. Yet, it is fairly clear that the **State of Maine has saved tens of millions from the dramatic drop in hospital use and other physician care by Medicaid recipients.**



While the impacts were not exactly the same everywhere, it is notable to us that across Maine – urban and rural, large and small – and across the country, the revenue picture was very consistent.

The recovery across Maine is underway. We believe all hospitals in Maine have recovered from their April and May lows. How far the hospitals have recovered does vary for a number of reasons. Most hospitals and physician practices appear to be at 65-85% of pre-COVID levels.

**Our best estimate is that hospital losses in Maine to date are approximately \$600 million while independent physician losses have surpassed \$40 million.** This is a staggering amount of money and beyond what the hospital and physician community in Maine can bear. **These are some of the very largest employers in Maine and are literally on the front lines of this battle against the pandemic. We cannot afford to lose them and we can't afford to lose our heroes on the front lines.**

**Federal Aid.** Thankfully, the federal government has provided a series of financial relief packages that have helped Maine hospitals. It is important to note that the aggregate numbers are large, but the impact at each hospital varies since the aid was distributed pursuant to different criteria. There are hospitals that have received very little assistance. Here is a table of aid received by hospitals:

	<b>Statewide Total</b>	<b>Hospitals Benefitting</b>
ASPR Funding	\$424,800	25 hospitals
CARES Act (Providers)	\$119,453,500	All hospitals
CARES Act (Rural)	\$118,914,144	24 hospitals
CARES Act (“Hotspots”)	None	None
CARES Act (SHIP)	\$1,517,706	18 hospitals
CARES Act (Sequestration)	\$21,253,100	All hospitals
CARES Act (PPP Loans)	\$21,798,697	5 hospitals (2 hospitals are appealing)
CARES Act (Safety Net)	\$52,000,000	8 hospitals
<b>TOTALS</b>	<b>\$335 Million</b>	

Other federal aid programs have been utilized in Maine, the most notable program not listed above is the so-called “advanced payment” program under Medicare. However, the federal government has been clear that this is a loan and will need to be paid back.

There are additional federal relief funds for providers still outstanding and Maine hospitals may yet receive more aid from the federal government.

As for private physicians, there has been less federal aid; the notable exception is the possibility that the PPP forgivable loan program may be an option for some physician groups.

**State Aid.** In April, you provided aid in the form of one-time Medicaid payment to all hospitals totaling \$10 million. As this was a Medicaid payment, the source for most of that funding was federal (\$3M state / \$7M federal). We again thank you for that assistance. As for independent physicians, no assistance has been provided to date.

**Bottom Line.** When the reduced revenue is offset with the aid received to date, it appears that **Maine hospitals net loss is approximately \$260 million and growing.** Until operations return to “normal” some level of losses will continue. In the meantime, many doctors are planning a long-term clinical response to the pandemic, while at the same time struggling to pay bills in fear of bankruptcy.

As you know, prior to the onset of the pandemic, Maine hospitals had very thin operating margins; over half of hospitals were operating at a loss. An additional loss of a quarter billion dollars or more is simply unsustainable. We need your help.

Accordingly, we would request that you work with the Legislature to provide Maine’s hospitals with an additional \$100 million in state relief and Maine’s physicians with \$20M in relief. It is our belief that some of that funding can be utilized in the Medicaid program whereby it can draw down additional federal matching dollars.

Maine’s 36 hospitals and its independent physicians are committed to providing the very best care to Maine’s people. Working with you, DHHS, the Maine CDC and all of our healthcare partners, Maine has been able to manage during this COVID pandemic much better than our demographics would have predicted.

Hospitals and doctors want to be there tomorrow and into the future to continue to meet Maine’s healthcare challenges, but we need your help to make that happen. We’re happy to meet with you at your convenience. Thank you.

Yours,

Steven Michaud, President  
Maine Hospital Association

Andy MacLean, Chief Executive Officer  
Maine Medical Association