

## Snowe: Lowering Costs Key to Increasing Access

U.S. Senator Olympia Snowe cited the rising cost of prescription drug prices as a major hurdle in ensuring access to affordable health insurance coverage for Mainers.

During a series of recent visits to Maine hospitals, Snowe talked about her plans to improve access and lower prescription drug costs.

Two of the hospitals she's visited over the past month to review the state's healthcare needs include Southern Maine Medical Center in Biddeford and Eastern Maine Medical Center in Bangor. As the chair of the Senate Finance Committee's Subcommittee on Healthcare, Snowe will oversee federal healthcare policy issues—giving Maine its strongest voice in the federal government in many years. The subcommittee has oversight on key healthcare issues including Medicare, Medicaid and the Children's Health Insurance Program, or CHIP.

Snowe has been a strong supporter of hospital issues. Last year she joined the rest of Maine's Congressional Delegation in supporting a federal budget that included \$65 million in Balanced Budget Act Relief and additional Medicare payments to Maine hospitals.

Earlier this spring, MHA met with Snowe's legislative director and staff members of the Senate Finance Committee in Washington to discuss Maine's poor reimbursement ranking and potential solutions. MHA provided background on the past two rounds of BBA Relief in relation to the overall cuts enacted in 1997.

**MHA Contact: Jim Harnar**

## More Medicare Dollars Needed to Address Labor Shortage

Hospital leaders from across Maine told the state's Congressional Delegation earlier this month that increased Medicare reimbursement is urgently needed to help hospitals prepare for a growing healthcare labor shortage and the rapidly increasing costs associated with recruiting and retaining caregivers.

In a series of meetings in early May on Capitol Hill, hospital executives and Trustees provided first-hand accounts of Maine's labor shortage. They also described how hospitals in every region of the state are now competing in the national marketplace for skilled personnel.

They urged the Delegation to support legislation that would eliminate long-standing practices by the federal government that result in lower Medicare reimbursement for hospitals in rural states. Hospitals showed how wage and benefit costs in rural states such as Maine are now comparable to those paid in more urban states.

The elimination of the rural-urban "differential" is one of the key elements of MHA's Medicare Reform Agenda, which was presented to the Delegation during the visits. In addition to addressing the urban-rural differential, the Agenda calls for restoring full inflation adjustment for federal fiscal years 2002 and 2003 and significant changes to Standard Inpatient Rates, Medical Education (GME) and full reimbursement for Medicare bad debt. Changes included in the overall agenda would result in more than \$20 million in added payments to Maine hospitals.

The MHA-led contingent met with each member of the Delegation. The meeting with **Senator Olympia Snowe** was the first session with a group of hospital leaders from across Maine since she was appointed chair of the influential Health Subcommittee of the Senate Finance Committee, which has jurisdiction over Medicare, Medicaid and the Children's Health Insurance Program. MHA met with Snowe's staff shortly after her appointment was announced this spring. Senator Snowe introduced hospital leaders to her new senior health policy advisor, **Alec Vachon**, a former longtime staff member on the Senate Finance Committee.

Snowe assured the group that increased Medicare reimbursement for Maine hospitals will be a high priority as chair of the subcommittee, which is expected to take action on a number of critical issues affecting Medicare payments this summer. More than 30 hospital leaders took part in the annual trip to Washington. **MHA Contact: Mary Mayhew**

MAY 2001

## Hospitals Honored for Commitment to Improving Environment

Maine hospitals were recognized for their commitment to achieving a cleaner, safer environment during a recent ceremony in Rockport.

MHA was presented the Governor's Annual Waste Reduction Award for its work in developing a landmark agreement with the state Department of Environmental Protection (DEP) and the Natural Resources Council of Maine (NRCM). The honor was awarded to Mercy Hospital last year.

A coalition formed by MHA, DEP and NRCM— Maine Hospitals for a Healthy Environment— publicly reinforced their commitment to the environment by signing a pollution prevention agreement aimed at eliminating most mercury-containing supplies and medical equipment and reducing the use of PVC plastics. MHA Chair-Elect **Scott Bullock**, president of MaineGeneral Medical Center, announced the statewide plan during a recent news conference in Augusta.

Over the past 16 months, hospitals have worked closely with the DEP and NRCM to develop a proactive plan for “virtually” eliminating the use of mercury, as well as reducing the number of products containing PVC, which can produce hazardous by-products when disposed.

To implement the agreement, this week MHA, along with a nationally-known environmental consulting firm from Vermont, conducted environmental workshops in Portland and Bangor to help hospital staff work toward meeting their waste reduction goals. Teams from 30 hospitals attended the technical training workshops. Hospitals that have already signed pollution prevention agreements include: Maine Coast, Mid Coast, York, Blue Hill, Franklin and Mercy.

**MHA Contact: Jim Hamar**

## IRS Issues Criteria for Hospitals' Tax Exempt Status

**New IRS guidelines may help hospitals fight a legislative challenge to their tax exempt status.**

All non-profit hospitals in Maine, as well as the rest of the nation, will have to prove that they provide care to those unable to pay in order to keep their tax exempt status, according to a recent memorandum issued by the IRS. This is the first time the federal agency has released specific criteria for hospitals' tax exempt status. Although the guidelines are not law, they offer insight into the IRS' enforcement direction.

According to the March 9 letter, simply having hospital policies on indigent care isn't enough to satisfy the charity-care requirement of a community-benefit standard that all tax-exempt hospitals must meet. In the memo, the IRS suggests a series of 14 questions a federal agent might ask to determine a hospital's charitable policies and activities.

The distribution of the IRS memo coincides with the earlier introduction of legislation this session that would require hospitals to demonstrate, among other requirements, that they have provided certain levels of charity care— or be required to pay property taxes. The state's Taxation Committee will reject the Maine Municipal Association's proposal since guidelines have already been established at the federal level.

During a public hearing last month, **Jud Knox**, Chair of MHA's Legislative Council and CEO of York Hospital, testified before the legislature on behalf of MHA in opposition to LD1375.

MHA has a number of concerns with the legislation. Proponents of the measure maintain that certain community-based towns and cities in Maine have seen a reduced revenue stream over the past few years based on tax reform, and need to call upon tax exempt organizations, such as hospitals, to ease the burden. MHA believes that efforts to reclaim that lost revenue should not be made up on the backs of Maine's charitable and benevolent organizations.

**MHA Contact (IRS memo): Sandra Parker; MHA Contact (tax exempt legislation): Mary Mayhew**

## MHA Launches Governance Advisory Faculty

In what is believed to be a first of its kind partnership, MHA has formed a **Governance Advisory Faculty**, consisting of healthcare governance experts, Trustees and former CEOs from across the region who will work with the Association to develop innovative educational programming for healthcare board members.

Governance experts **Chris Cutler**, **Robert McGowan**, **Martin Merry, M.D.** and former Penobscot Bay Medical Center CEO **Gary Daniels**, are among those who have agreed to serve on the faculty. MHA's three-pronged approach to meeting the educational needs of healthcare Trustees in Maine includes traditional in-person programs, the development of a multifaceted web-based Center for Healthcare Governance and a new series of teleconferences.

More information about the governance faculty and the Center for Healthcare Governance will be available at the 2001 Governance Forum on May 31 at the Harraseeket Inn in Freeport. The Forum's keynote speaker will be nationally recognized governance expert **Jamie Orlikoff**. **MHA Contact: Carol Sinclair**

## Clock Begins to Tick for HIPAA Compliance

The two-year clock for hospitals and healthcare organizations to comply with the Health Insurance Portability and Accountability Act (HIPAA) privacy rules started to tick on April 14 after the Bush Administration announced plans to implement the rules.

Despite some 24,000 written comments on HIPAA's proposed rules, the Bush Administration has decided to implement the patient privacy rules signed by former President Bill Clinton late last year. It is not yet clear when or how the Health and Human Services Department (HHS) will issue guidance, or whether the modifications will be introduced before the guidelines are issued.

"Guidelines will allow us to clarify some of the confusion regarding the impact this rule might have on healthcare delivery and access," said HHS Secretary **Tommy Thompson**. "And we will consider any necessary modifications that will ensure the quality of care does not suffer inadvertently from this rule."

The announcement of the decision late last week ran against weeks of speculation and hints that the government would delay the effective date of the controversial regulations promulgated under HIPAA. The regulations have been criticized by hospitals for their high cost of compliance, impact on patient care and aggressive implementation schedule. Compliance with the privacy rules is expected to cost hospitals nationwide up to \$22.5 billion over five years— far exceeding original government estimates. HHS estimated \$3.8 billion for all healthcare providers and insurers to comply with portions of HIPAA's privacy rules.

The privacy rules, which apply to paper and electronic records as well as oral communications, will require health plans and healthcare providers, including all of Maine's hospitals, to meet new requirements to protect the confidentiality of healthcare information. This will affect all healthcare providers and insurers in Maine, governing disclosure of private health information.

MHA will continue to work with AHA to persuade the Bush Administration to make changes to the regulations, specifically those sections relating to consent requirements, disclosure of medical information and oral communications. AHA is also seeking federal funding from Congress to help hospitals comply with the burdensome rules. **MHA Contact: Sandra Parker**

## More Maine Children Eligible to Receive Health Insurance

More Maine children will be eligible for health insurance thanks to a recent decision in Washington to raise the income eligibility level for Maine's Cub Care program.

U.S. Health and Human Services Secretary **Tommy Thompson** recently approved a proposal that will raise the income eligibility for Maine's Cub Care and expanded Medicaid programs. This action would affect 500 children who have not been eligible for the programs in the past. Currently, there are some 160,000 Mainers— including nearly 20,000 kids— who do not have health insurance.

Thanks to a focused statewide campaign conducted by the state's 39 hospitals in January, almost 300 children who were previously uninsured now have healthcare coverage. More than 1,000 uninsured Maine families visited hospitals in January for more information and to enroll in the state's Cub Care or expanded Medicaid programs.

Thompson's action will allow more of those families who, just months ago exceeded the program's income requirements access to low- or no-cost coverage. According to the Department of Human Services, Thompson's decision is expected to bring the total number of enrollees in Maine's Cub Care program to more than 10,000. **MHA Contact: Jim Harnar**

## HCFA Approves Changes to Medicaid Plan

Maine hospitals are a step closer to receiving an estimated \$10 million each year in Medicare reimbursement after federal approval of amendments to the state plan governing the Medicaid program.

The Health Care Financing Administration (HCFA) recently approved the amendments that eliminate payment by Medicaid for deductible and coinsurance amounts for individuals eligible for both Medicare and Medicaid. A portion of these unpaid balances is eligible for reimbursement by the Medicare program as bad debts. However, Medicare was unwilling to recognize these as bad debts without formal state plan amendments approved by HCFA. The changes to these "crossover" payments apply to all claims with dates of service on or before July 1, 1999. Nearly two years ago, Medicaid stopped making payments on crossover claims to fill a shortfall in the state budget. Since then, hospitals have absorbed the loss of reimbursement.

MHA will continue to work with the fiscal intermediary and the Bureau of Medical Services to ensure that the claims are correctly recognized and reimbursed as bad debts by Medicare. **MHA Contact: Tamara Butts**

## Angel Flight Provides Lifesaving Service to Mainers

When 9-year-old Logan first began experiencing severe headaches and seizures, he didn't know what was wrong. He just knew he didn't like it.

Doctors diagnosed Logan with severe seizure disorder and wanted to immediately begin routine treatment at the Boston Children's Hospital— a six hour drive from his family's home in Millinocket.

His parents learned about Angel Flight of New England, a non-profit organization that provides air transportation for adults and children who require life-saving medical care— completely free of charge. Thanks to Angel Flight, Logan is now receiving the care he needs.

Since its inception in 1996, Angel Flight has made over 6,000 flights covering more than three million miles— with almost half of those flights from Maine. The organization relies on volunteer efforts of hundreds of people. More than 600 pilots donate their time, flying skills, fuel and planes to transport patients across the country.

MHA is supporting the work of Angel Flight by helping to raise awareness among hospitals about the free service. For more information, contact Angel Flight President **Larry Camerlain**, (800) 548-9980 or [larry@angelflightne.org](mailto:larry@angelflightne.org).  
**MHA Contact: Steven Michaud**

## Land Purchased For New MHA Facility

MHA last month finalized the purchase of a 3.1-acre site in Augusta on which the Association will build a 10,000 square-foot office building and conference center.

The site is located on Fuller Road, just north of Western Avenue, about one quarter mile east of Exit 30 from I-95. Construction is expected to begin this fall, with completion set for the spring of 2002. Morris/Switzer & Associates of Williston, Vermont has been selected as project architects. Architect **Charlie Rizza**, from Morris Switzer's Maine office in Belfast, will be the project manager.

The primary reason for the building project is to allow the Association to conduct more meetings on site rather than in local meeting facilities and the Augusta Civic Center. The current MHA office can only accommodate one meeting at a time, with a maximum seating of 30. As MHA has grown, the number of meetings held off site has substantially increased. Preliminary plans call for the new facility to have a large meeting room that can accommodate 60 or more people, as well as several other spaces for smaller meetings that can be held concurrently. The new building will also allow the Maine Recruitment Center, which is now located elsewhere in Augusta, to be housed within the MHA office.

MHA's Building Advisory Committee is chaired by **Dave Peterson**, CEO at The Aroostook Medical Center. Other members of the Committee include: **Ray Davis**, CEO at Calais Regional Hospital; **Scott Bullock**, CEO of MaineGeneral Medical Center; **Peggy Pinkham**, CEO at St. Andrews Hospital; **Dick Willett**, CEO at Redington-Fairview General Hospital; **John Welsh**, CEO at Rumford Hospital; **Sister Mary Norberta**, CEO at St. Joseph Hospital and **Dick Dennis**, a Trustee at Franklin Memorial Hospital.  
**MHA Contact: Jim Hamar**