

# Maine's Healthcare Trustee

December 2002

*A monthly service for Trustees of the Maine Hospital Association's Member Hospitals*

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## Tax and match dead for now

Governor Angus King's attempt to restart a hospital tax and match scheme has been killed by the Maine Legislature.

The Appropriations Committee, legislative leadership and ultimately the legislature as a whole, agreed with MHA that the plan was fatally flawed and too risky to implement in its current form. To fill the \$3.5 million hole created when tax and match was rejected, the Legislature imposed a one time assessment on hospitals in that amount.

The one-time, .135 percent tax on '99/'00 gross patient service revenue compromise came after intense negotiations with legislative leadership.

MHA worked all day with leadership and the Appropriations Committee strongly urging them to defer the \$3.5 million until it could be considered in the context of the larger financial crisis within the '04/'05 budget. MHA also argued that this existing tax and match proposal was poorly crafted, completely unpredictable, conflicted with federal statute and would result in more than 30 hospitals losing money as soon as it was in effect.

The idea of deferring the entire hospital issue until January failed when Gov. King made it clear that if the Legislature didn't act to obtain the \$3.5 million somehow from hospitals, he would use his curtailment powers to cut hospital reimbursements by that much, thus costing hospitals \$10.5 million when federal matching dollars were factored in.

Given the Governor's curtailment threat, MHA worked on persuading legislators to reject the tax and match scheme and avoid the Medicaid cut as well. MHA's concern with a Medicaid cut was not only that it is three times larger than the one-time assessment, but it would also be permanent. The only option left was the one-time hospital assessment to generate \$3.5 million and save hospitals \$7 million.

"We believe it to be extremely poor policy, but given the ultimatums, it's the least of all the evils," MHA President **Steven Michaud** said.

The Legislature endorsed the Governor's proposal to assess a 6 percent tax on nursing homes with improved Medicaid reimbursement through leveraged federal dollars. The Maine Health Care Association worked to get specific protective language included in the budget to ensure implementation of the improved reimbursement but was thwarted when the Department of Human Services adamantly opposed such detail in law.

The budget will take effect 90 days after the Governor signed the bill on Nov. 18. Therefore, tax bills will likely be sent in late February.

MHA will be working with the incoming Baldacci administration on budget matters to look long-term at the daunting challenges the state faces in the next biennium.

**MHA Contact:** [Mary Mayhew](#)

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## Congress leaves town without passing Medicare payment fixes

Congress adjourned without advancing legislation to restore and improve payments to Medicare providers.

The politics and posturing around a Medicare prescription drug benefit derailed recent efforts to pass meaningful relief. The 107th Congress has left provider payment issues for the new Congress to deal with when it convenes Jan. 7.

One of the first tasks will be to pass legislation that includes appropriation bills that were not passed this year. This omnibus spending bill could be a vehicle for legislation addressing Medicare provider payment issues. However, outcomes in the recent elections may produce different priorities when the Congress convenes.

With the President's administration supporting only physician payment improvements and with control of the U.S. Senate shifting to the Republicans as a result of the elections, agreements previously supported in the Senate may be lost.

The provider relief package passed by the U.S. House and S. 3018 introduced in the Senate included many of MHA's federal priorities. Additionally, S. 3018 included a temporary increase in the Medicaid matching rate for states, which would mean more than \$60 million for Maine.

Recently, the Maine Hospital Association, Maine Medical Association, Home Care Alliance of Maine, Maine Health Care Association and Maine Osteopathic Association jointly wrote to Sen. **Olympia Snowe** (R-Maine) urging her support of higher Medicare and Medicaid payments for physicians, nursing homes, hospitals, and home health agencies. Under Republican control of the Senate, Sen. Snowe will now serve as chair of the powerful Health Subcommittee of the Finance Committee, which has jurisdiction over Medicare and Medicaid issues.

MHA is organizing a meeting on behalf of the five health care organizations with Snowe before January to emphasize the critical importance of acting on provider payment improvements in early January. Maine's U.S. Senator **Susan Collins** (R) has continued to express strong support for a Medicare provider payment improvement package and has

continuously worked to repeal the 15 percent cut to home health agencies that went into effect on Oct. 1.

**MHA Contact:** [Mary Mayhew](#)

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## MHA sets Hospital Day in Legislature for Jan. 22

Hospitals are urged to set aside January 22 for a day of education, awareness building and meeting your legislators.

At a time when the stakes could not be higher for Medicaid funding and other critical issues sure to arise during the 121<sup>st</sup> Legislature, Maine's hospital community will gather in Augusta to emphasize the central role hospitals play in providing health care services to Maine citizens. The day will begin with hospitals setting up their displays and demonstrations in the State House Hall of Flags for showing from 8 a.m. to 1 p.m. followed by legislative briefings for hospital CEOs, board chairs and other hospital management staff from 3:30 to 5:30 p.m. The day will conclude with a reception with the Maine Legislature at MHA's office from 5:30 to 7:30 p.m.

"We're asking CEOs to organize their hospital's full involvement in this effort," said **Mary Mayhew**, MHA vice president for government affairs and financial policy. Mayhew stressed the importance of hospitals to set up a display with staff and trustees available to meet legislators.

"A great turnout of hospitals and the face-to-face meetings with your legislators will have a lasting memory and positive impact on our efforts to advocate for hospital needs during this session," Mayhew said.

More information will be available in December but for now please reserve the date and tell your board chair and appropriate staff that your hospital will be represented on January 22.

**MHA Contact:** [Mary Mayhew](#), [Mark Ishkanian](#)

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## Election results: House and Governor to Democrats, Senate in dispute

At press time it appeared that Democrat Chris Hall would be sworn in as the District 24 senator, thus ensuring that the Senate would settle the disputed election against Republican Leslie Fossel.

If the Senate votes for Hall, Democrats will control the Senate 18-17.

In the Maine House, Democrats retained control but their margin dropped to 80-67 with three independents and one Green Party candidate.

Democrat **John Baldacci** was victorious in the governor's race, garnering 47 percent of the vote against three opponents. Republican **Peter Cianchette** received 41 percent.

Senator **Susan Collins** won reelection with more than 58 percent against challenger **Chellie Pingree**. Maine Senate President **Michael Michaud** won a tough fought U.S. House race against Republican **Kevin Raye** 52 percent to 48 percent. Congressman **Tom Allen** easily won reelection over **Steven Joyce** in the first district.

MHA will be meeting with Governor-elect Baldacci and members of the new Legislature shortly to prepare for the challenges of the next legislative session.

**MHA Contact:** [Mary Mayhew](#)

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## Save the date for Small or Rural

The 2003 Small or Rural Hospital Conference will be Wednesday, Feb. 12 through Friday, Feb. 14, at the Jordan Grand Resort and Hotel and Conference Center at Sunday River in Bethel.

In addition to nationally known speakers, the conference provides ample opportunity for networking and enjoying the Sunday River ski resort.

Watch for more details about the conference content and registration.

**MHA Contact:** [Carol Sinclair](#)

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## Hospital PR directors briefed on variety of issues

Fifteen hospitals attended a meeting of PR directors held at the MHA to hear briefings on a wide range of topics.

The issues ranged from soon-to-be-released cost, quality and customer satisfaction studies to issues coming before the next Legislature and the common theme was clear: hospitals need to prepare for some tough issues on the horizon and proactively tell their story.

“This group meets several times a year and there is usually no shortage of issues to discuss,” said **Mark Ishkanian**, vice president of public affairs for MHA. “We have a particularly challenging set of issues ahead of us this winter.”

MHA’s **Mary Mayhew** briefed the group on the recent tax & match debate and what lies ahead when the new Legislature convenes in January.

“The difficulty this new Legislature will face balancing the budget will likely dominate the session but there will be a number of other bills of importance to hospitals,” said Mayhew.

She also stressed the importance of every hospital’s participation in Hospital Day at the Legislature on January 22. “This is a golden opportunity to showcase Maine hospitals to legislators who will be making some critical decisions affecting our future. We really need a great turnout for this event.”

Ishkanian briefed the group on the upcoming Maine Health Management Coalition (MHMC) report on hospital costs and quality issues. The MHMC report will be available to the public via the organization’s web site ([www.mhmc.org](http://www.mhmc.org)) sometime in January. Hospital CEOs were sent advanced copies of the report last week. Ishkanian urged the group to review their hospital’s copy and understand the information in advance of public release. MHA will be developing talking points to help guide hospital communications.

MHA General Counsel **Sandra Parker** reported on MHA’s Quality and Accountability initiatives, an effort to improve the quality of care provided to hospital inpatients and demonstrating that quality by publicly reporting outcomes. While the project is still more than a year away from going public, Parker suggested that PR directors become familiar with the study during this initial phase when hospitals receive their own scores and blinded results from other hospitals.

Parker also briefed the group on media, fundraising and marketing aspects of HIPAA.

PR directors said the meeting served to keep them informed as well as share information among their colleagues. The next meeting will be held in conjunction with MHA’s Small or Rural Hospital Conference at Sunday River in February.

**MHA Contact:** [Mark Ishkanian](#)

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## MHA to provide HIPAA privacy help

To ease the burden on member hospitals trying to comply with the privacy regulations in the Health Insurance Portability and Accountability Act (HIPAA), MHA has contracted with a national expert to produce a comprehensive preemption analysis and set of model documents for compliance guidance.

The Department of Health and Human Services (HHS) published the final federal privacy rule on December 28, 2000. On August 14, 2002, HHS published a second final rule modifying the privacy regulations established by the first final rule. All hospitals must be in compliance with the new federal privacy regulations by April 14, 2003.

To comply with the federal privacy regulations, hospitals will have to modify many existing policies, procedures and forms, as well as develop new documents. One of the greatest obstacles to making the necessary changes is identifying all state laws potentially subject to preemption and then determining to what extent the laws are, in fact, preempted by the HIPAA medical privacy regulations. Each law must be reviewed on a provision-by-provision basis—an extraordinarily lengthy and arduous task.

MHA's contract with the expert allows the association to provide each member hospital with a complete preemption analysis of all Maine laws and regulations, including those addressing general confidentiality, mental health, HIV/communicable disease, genetic testing, alcohol and drug abuse treatment, reporting obligations, law enforcement disclosures, patient rights, minors, decedents and civil litigation.

In addition to the easy-to-read, easy-to-follow, indexed HIPAA Preemption Analysis reference manual, each member hospital will receive a sublicense to use a Maine-specific hospital toolkit of model documents for all of the necessary forms, policies and business associate agreements.

MHA anticipates completion and distribution of this all-inclusive HIPAA privacy manual by the end of December.

**MHA Contact:** [Sandra Parker](#)

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## Trust formed in memory of physician

The Dan F. Hanley Memorial Trust has been formed in memory of one of the state's most distinguished physicians.

Dr. Hanley, who died in May of 2001, was Bowdoin College's physician for 33 years, head of the Maine Medical Association for nearly a quarter-century and chief physician for several U.S. Olympic teams between 1960 and 1972.

Through his work with the Maine Medical Assessment Foundation, Dr. Hanley led an internationally recognized effort to improve the quality of medical care through medical outcomes research.

Dr. Hanley's family and a consortium of health care organizations formed the trust to carry on his ideals and to help develop new leaders through the establishment of:

- An annual health care leadership forum;
- An annual award for outstanding leadership in the health care field;
- Scholarship and student internship programs aimed at assisting young people to enter health care professions.

The goal for the initial endowment of the new trust is \$150,000. At the November 12 announcement of the trust's formation, the trust's leaders announced that they have raised half of that figure in part through leadership pledges by the family.

**MHA Contact:** [Mark Ishkanian](#)

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## In brief

Maine hospital public relations directors won a number of awards at the New England Hospital Public Relations and Marketing Association 2002 Lamplighter Awards. **Wayne Clark** with Maine Health won a first place award in Excellence in Writing: Annual Report (produced in-house) for "Great Things Happening—Report to our Communities," the annual report for Maine Health. He won an award of excellence in the same category for Maine Medical Center's report, "A Sense of Community." **Maggie Laughlin**, with Northeast Health, won a first place award for Audio-Visual Presentations: Films and Videos (Agency Produced) for her entry, "A Clear Horizon." **Jill McDonald**, APR, of Eastern Maine Healthcare, along with her community relations team, won a first place award for Community Relations/Outreach (produced in-house) for her entry, "Eastern Maine Medical Center Move & Improve" and for Potpourri (produced in-house) for "Eastern Maine Medical Center Campaign for Health Hearts and Campaign of Hope." They won an award of excellence in the Publications: Annual Report (agency produced) category for "Eastern Maine Healthcare 2001 Annual Report." They won a first place award for Publications: Special Purpose (produced in-house) for "Rosscare Employed Caregivers Survival Guide" and an award of excellence for Single Public Relations Problem, Plan, Solution (produced in-house) for "Eastern Maine Medical Center Ripple and Splash." . . . The St. Joseph Hospital Clinical Laboratory has been awarded an accreditation with distinction by the Commission on Laboratory Accreditation of the College of American Pathologists (CAP) based on the results of a recent on-site inspection.

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## Don't forget MHA's and MRC's new address

Members should check their databases, address books, etc. to ensure that they reflect MHA's and the Maine Recruitment Center's new mailing address.

The MHA's and MRC's new address is 33 Fuller Road, Augusta, ME 04330. Telephone numbers and email addresses remain the same.

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For more information about MHA and Maine Hospitals, visit: <http://www.themha.org/>

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**Healthcare Management Consulting Group**

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**207-926-4117, mpalmer@docexecutive.com**

Recently, Associated Health Resources (AHR), MHA's for-profit subsidiary, entered into an agreement with Healthcare Management Consulting Group (HMCG) to provide services to Maine hospitals. Maggie Palmer, president of HMCG, practices organizational psychology with a sole focus in health care.

- ✧ Since 1988, Dr. Palmer has provided expert direction and guidance to senior management teams on leadership development, interpersonal communication improvement, and conflict resolution.
- ✧ She has worked extensively in Maine hospitals and across the country providing services that include organizational development for physician groups and health care organizations; leadership retreats for hospital boards, administration and medical staffs; and confidential crisis intervention at all organizational levels.
- ✧ In addition to the areas mentioned above, specific tasks that she regularly performs consist of organizational systems assessment and corrections, executive coaching, negotiation of disputes, medical practice culture corrections and dealing with disruptive physician issues.

Her skills and demonstrated proficiency have proven to be a valuable resource for Maine hospitals.

To obtain additional information or to utilize her services, you may contact Dr. Palmer directly at the address above.

If you have any questions, please feel free to contact Tammy Butts at 622-4794.

Thank you.