

OPPOSE LD 2196

The healthcare system needs several reforms that deserve serious discussion. This bill provides dangerous solutions to a broken system. LD 2196 slashes over \$1B from health care services provided by hospitals and will result in service closures and job losses across Maine.

What would LD 2196 mean in Maine?

- **Hospital Closures:** Imposes arbitrary and draconian cuts to hospital reimbursement rates for inpatient and outpatient care that total over \$1 billion annually. These deep cuts will place hospitals at high risk for closure, including Critical Access Hospitals.
- **Reduced Access to Critical Services:** Caps the growth rate and charges for large and small hospitals without recognizing the cost to provide care. This would lead to patients losing access to services including primary care, behavioral health, advanced cardiovascular care, and oncology.
- **Job Losses:** Across the state, Maine's hospitals estimate a loss of thousands of jobs due to facility closures and service reductions.
- **Loss of Trauma Care:** MaineHealth would likely be forced to close the state's only Level 1 trauma center in Portland and NICU. Lack of higher-level care will impact every hospital in the state and lead to more patients having to be transferred out of state for care.
- **Potential State Bailouts:** Rhode Island has had a hospital growth cap since 2012, and their hospitals are in dire condition. The State recently had to provide hospitals with \$400 million to prevent catastrophic closures and reductions.

What does LD 2196 do?

- Imposes an arbitrary cap on privately negotiated hospital reimbursement, equivalent to a \$1 billion cut per year.
- Gives the state control over how privately negotiated reimbursement rates can change in the future.
- Gives the Office of Affordable Health Care the authority to punish hospitals through fines.
- Sets a state mandated floor for primary care and behavioral health payments and provides some relief on prior authorizations for chronic conditions.

“The entire system is fragile, and this is a big sledgehammer that's going to break it apart. MaineHealth would be forced to cut a third of its workforce. That's what it'll have to be for us to just survive.”

*Andy Mueller, MD, CEO & President,
MaineHealth*

“Healthcare needs meaningful reform that sustains rural healthcare in Maine. As Maine hospitals prepare for the effect of federal funding reductions, this bill does nothing to address cost drivers for healthcare in our state. The effects of this bill will only accelerate healthcare consolidation and closures, causing more hardship on rural Maine.”

*R. Guy Hudson, MD, CEO & President,
Northern Light Health*

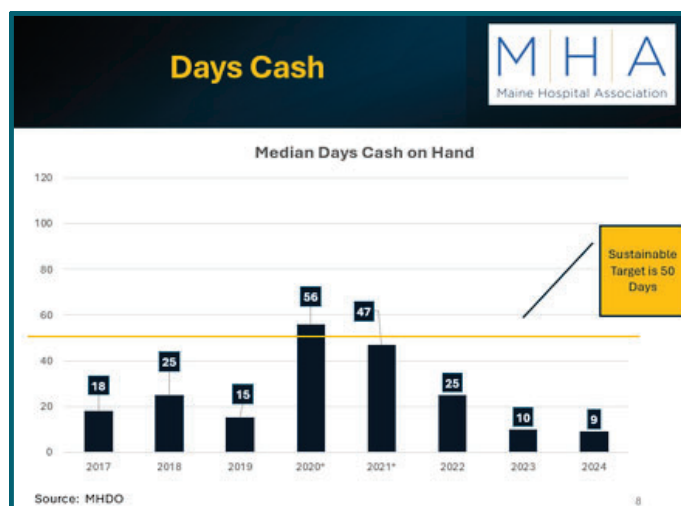
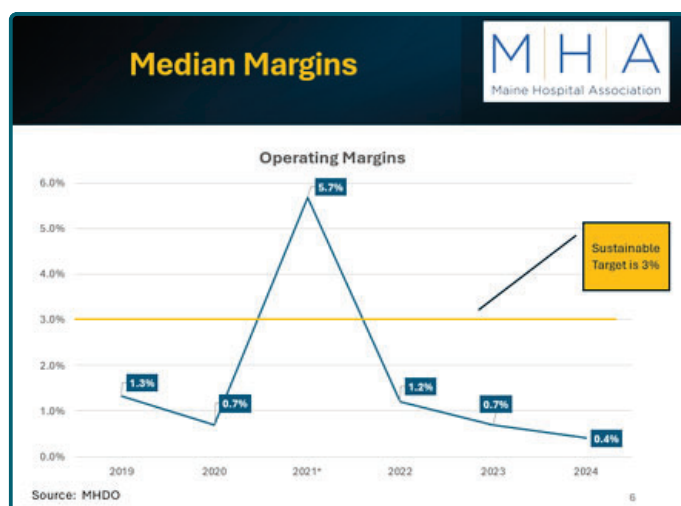
For more information contact Jeff Austin at jaustin@themha.org.

OPPOSE LD 2196

Hospitals have been taking steps to address costs, but financial pressures persist.

- Closing hospitals and services.
- Improving administrative costs including the cost of medical supplies and labor.
- Investing in lower cost outpatient care delivery sites.
- Despite MaineCare's efforts to stabilize nursing homes in Maine, hundreds of patients live in our hospitals due to lack of beds.

Key indicators tracked by the Maine Health Data Organization paint a dire picture.



- The DIRIGO law places a voluntary cap of 3% on hospital operating margins.
- According to S&P ratings, out of 23 rural hospitals in Maine, 8 hospitals in Maine are failing on all key performance metrics targets: cash on hand, operating margins, total margins, and age of fixed assets.
- This picture fails to include the \$5B in cuts to Medicaid the State will face over the next 10 years.

Proponents of LD 2196 are not looking at the whole healthcare ecosystem.

They say: *Hospital spending is the real driver of premium increases.*

No. In fact, 90% of premium increases are due to inflation and health care utilization (patients accessing health services).

Source: Bureau of Insurance, Wakely

They say: *Hospitals charge more just because they can.*

No. More than 60% of care provided by Maine's hospitals is paid for by Medicare and Medicaid, which sets the price paid for care. When it comes to reimbursement from commercial insurers, hospitals and insurance companies engage in private negotiations to set rates.

They say: *Cost shifting doesn't impact premium costs in Maine.*

No. Government payment below the cost of care is very real and hospitals have no choice but to shift that unfunded cost to our commercial rates.

Mainers are facing real affordability challenges. Let's work together to address that reality. Maine hospitals welcome the opportunity to participate in a serious stakeholder group focused on solutions should such a process be created.

For more information contact Jeff Austin at jaustin@themha.org.