



TESTIMONY OF THE MAINE HOSPITAL ASSOCIATION

Proposed FY 2022-23 Biennial Budget

February 18, 2021

Senators Breen and Claxton, Representatives Pierce and Meyer, and members of the Appropriations and Health & Human Services Committees, my name is Jeffrey Austin and I am here on behalf of the Maine Hospital Association.

I am here today to express our support for most of the budget but opposition to two items in the proposed biennial budget up for review today.

The Maine Hospital Association (MHA) represents all 36 community-governed hospitals including 33 non-profit general acute care hospitals, 2 private psychiatric hospitals, and 1 acute rehabilitation hospital. In addition to acute-care hospital facilities, we also represent 11 home health agencies, 18 skilled nursing facilities, 19 nursing facilities, 12 residential care facilities, and more than 300 physician practices.

Our acute care hospitals are nonprofit, community-governed organizations. Maine is one of only a handful of states in which all of its acute care hospitals are nonprofit.

Summary

Our opening comment on the biennial budget is the same as for the supplemental budget. Namely, that this is largely a responsible budget overall, but imposes financial cuts to hospitals disproportionately to other providers and unfairly given the burden hospitals have borne as a result of the pandemic.

Maine's hospitals ask that you not impose unfair cuts to hospitals during this pandemic.

Hospital Financial Condition & State Financial Assistance

For the purpose of expediency, I will not review again the significant hospital losses and the relative lack of state financial assistance.

The bottom line is that hospitals have suffered a net loss of approximately \$200-250 million as a result of the pandemic and have received only \$5-6 million in aid from the state.

Many groups are asking you for additional funding; we are not. We are merely asking that hospitals not be cut during this pandemic.

Two cuts are proposed to mental health services provided by hospitals We urge you to oppose them.

1. Cut to Mental Health I (Institutes of Mental Disease): Page A-266; \$1M/ year.

This proposal would impact the two private psychiatric hospitals (Institutes of Mental Disease or IMDs) in Maine: Acadia in Bangor and Spring Harbor in Westbrook. The bulk of this cut will be felt by Acadia.

These private psychiatric facilities provide inpatient and outpatient care to Maine's most vulnerable and often sickest patients. This cut impacts outpatient services.

Representatives of Acadia and Spring Harbor will speak to the impact of this cut on their services and the people they serve.

2. Cut to Mental Health II (Hospital Psychiatric Units): Page A-266; \$2.5M/ year.

There are seven community hospitals in Maine that are also licensed to provide inpatient psychiatric services and have "distinct psychiatric units" for that purpose.

The state has a flat rate for this service. The rate was set in 2011 and has not received an inflationary adjustment in at least a decade.

Two hospitals have rates that are different than the standard rate: Northern Maine Medical Center (NMMC) in Fort Kent and St. Mary's in Lewiston. *These are the only two community hospitals that operate units for children.*

Accordingly, only two psychiatric units will bear the brunt of this cut.

NMMC and St. Mary's are each testifying today on the harm these proposed cuts would have.

Statewide Impacts

The purpose of my testimony is to discuss the statewide impact of these cuts.

The need for psychiatric services are statewide: every county, every legislative district, every zip code. The services are not available statewide. All hospitals have individuals arrive in their emergency rooms who need psychiatric services. But only a handful of hospitals in Maine answer the call and provide those psychiatric services. The need is statewide-the response is not.

It is an even more difficult situation when the need is adolescent mental health. NMMC and St. Mary's are the only two community hospital psychiatric units for kids in Maine (the freestanding psychiatric hospitals do provide this service). This is a precious service in very short supply.

Conclusion

The state savings associated with these two cuts is \$1,051,754 per year. That is all it would take to remove these two cuts. The loss to hospitals, which would include the lost federal match, is over \$3.5 million per year.

We don't believe that cutting resources for mental health services right now is a prudent way to balance the budget. Please don't pull these resources from Maine's most vulnerable people.

Thank you for accepting the testimony of the Maine Hospital Association.