



Northern Light Health
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Acadia Hospital
A.R. Gould Hospital
Beacon Health
Blue Hill Hospital
C.A. Dean Hospital
Eastern Maine Medical Center
Home Care & Hospice
Inland Hospital
Maine Coast Hospital
Mayo Hospital
Mercy Hospital
Northern Light Health Foundation
Northern Light Laboratory
Northern Light Pharmacy
Sebasticook Valley Hospital

LD 206 An Act to Make Supplemental Appropriations and Allocations from the General Fund and Other Funds for the Expenditures of State Government and to Change Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Year Ending June 30, 2023"

**Testimony in Support
January 26, 2023**

Senator Rotundo , Representative Sachs and members of the Appropriations and Financial Affairs Committee, Senator Baldacci, Representative Meyer and members of the Health and Human Services Committee my name is Lisa Harvey-McPherson, RN. I am here today providing testimony on behalf of Northern Light Health and our member organizations and I am speaking in support of this bill. Northern Light Health member organizations include 10 hospitals located in southern, central, eastern, and northern Maine, eight nursing facilities, air and ground medical transport, behavioral health, addiction treatment, pharmacy, primary and specialty care practices, and a state-wide home care and hospice program. Ninety three percent of Maine's population lives in the Northern Light Health service area. Northern Light Health is also proud to be one of Maine's largest employers with more than 12,000 employees statewide.

I want to begin by thanking Governor Mills for including in the budget supplemental payments for hospitals (\$25 million) and nursing facilities (\$25 million) as we continue to experience challenges related to the COVID-19 pandemic. Northern Light Health is proud of our service caring for the people of Maine and approached the pandemic challenge with a culture of "yes." Our clinicians provided 461,849 total doses of COVID-19 vaccine, our hospitals cared for nearly 4000 of the most acutely ill individuals with COVID, and our home care team cared for thousands of medically complex patients in communities throughout Maine to help ensure that acute care beds were available for individuals in need of hospital care. Our home care nurses also cared for patients in homeless shelters and individuals placed in alternative locations for health care monitoring. Nursing homes were particularly challenged, and we responded to community requests with all the local support and resources that we could provide. Telehealth is an essential service providing access to primary and specialty care services, during fiscal year 2022 we provided 152,000 telehealth patient visits to Mainers in their homes.

The success of our response is a source of pride for all Northern Light Health employees. But we are also challenged in ways that are historic for our health system and hospitals. This is not unique to us as hospitals throughout Maine and the nation face similar challenges. The American Hospital Association engaged Kaufman Hall to conduct an analysis of hospital finances. The report documents that hospitals have faced a profound financial toll incurring serious financial losses in 2022 compared to pre-

pandemic. The report goes on to state that US hospitals are likely to face billions of dollars in losses in 2022 under both optimistic and pessimistic models which would result in the most difficult year for hospitals and health systems since the pandemic. Expenses increased at an unprecedented pace including cost of labor, medical supplies and pharmaceuticals. Kaufman Hall estimates that expenses are projected to remain approximately 20-25% above pre-pandemic levels.

<https://www.aha.org/system/files/media/file/2022/09/The-Current-State-of-Hospital-Finances-Fall-2022-Update-KaufmanHall.pdf>

Maine's hospitals fall in line with the national trend. Data collected by the Maine Hospital Association in the third quarter of 2022 documents that 64% of hospitals experienced negative operating margins. Maine is also uniquely challenged by our payer mix, with a large percentage of payments coming from Medicare and MaineCare. Government payments do not adjust to real time cost increases and reimburse us below the cost of providing care and the gap has grown significantly with the rapid escalation in expenses.

For Northern Light Health, the impact is historic. For fiscal year 2022 we experienced a loss of \$132 million dollars. Operating expenses increased by \$168 million dollars in fiscal year 2022 over the previous fiscal year. Our Medicare underpayment in FY 2022 totaled \$208 million dollars and our MaineCare underpayment totaled \$121 million dollars. As a health system we are working closely with our clinical and operational leaders statewide to implement a recovery plan that restores a solid financial foundation for the future. It's likely that things will never return to exactly what they were before. Northern Light Health is focused on approaching these changes as an opportunity to deliver care more effectively than ever before.

Challenges are not solely financial. Maine's healthcare delivery system is struggling with the capacity to care for certain patient populations. Every day we have behavioral health patients in our emergency departments who are stuck waiting to access services, mostly inpatient or residential level of care. The most critical trend is the escalation of behavioral health children living in our emergency departments. The Office of Child and Family Services reports that 861 youth were in hospital emergency departments for 7-10 days waiting to access behavioral health care between January 1st and October 31st, 2022. One hundred seventy-five of these children were in Northern Light Health emergency departments. Some of these children are stuck in emergency departments waiting for days, weeks, and sadly months before placement is available. Northern Light Acadia Hospital is completing a renovation project that will expand access to inpatient care. This will have significant impact in the short-term, but the long-term solution is increased capacity in community based behavioral health care.

Hospitals also experience significant numbers of people living in acute care beds while waiting for discharge to a nursing facility. In general, on any given day we have 55 nursing facility patients in a Northern Light Health acute care bed, many are with us for months. At the same time on any given day, we have individuals in our emergency departments waiting for admission to inpatient care, and gravely ill patients in small rural hospitals waiting for admission to Northern Light Eastern Maine Medical Center for specialty care. We have Northern Light Health affiliated nursing homes and therefore

we understand the financial and workforce challenges that limit their ability to care for a full census of patients.

I want to thank Governor Mills for including funding to address the community mental health and nursing facility challenges in the biennial budget package, we look forward to working with all of you to advance these proposals.

In closing, I ask for your support for the COVID-19 supplemental payments in this bill and ask that you consider increasing the hospital supplemental payment as you consider the significant hospital financial challenges and the benefit of the enhanced federal match rate while the COVID-19 pandemic emergency declaration is still in place. I look forward to working with all of you on the very real and difficult challenges that continue to impact health care in Maine.

