



Maine Hospital Association

MAINE'S LEADING
VOICE FOR HEALTHCARE

TESTIMONY OF THE MAINE HOSPITAL ASSOCIATION

Proposed FY 2022-23 Supplemental Budget

January 26, 2023

Senators Rotundo and Baldacci, Representatives Sachs 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 the supplemental budget.

Maine's 35 acute care and psychiatric 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.

Hospital Financial Condition & State Financial Assistance

Hospitals are once again facing financial hardship.

Our 2020 margins were significantly reduced due to the onset of the COVID pandemic and the cancellation of scheduled services. The 2021 margins recovered, but only through unprecedented federal assistance. That federal assistance is long since gone and no more assistance is on the horizon. While not yet finalized everywhere, 2022 hospital margins will again show too much red ink. We appreciate any financial assistance you can provide.

One-time Hospital Payment (Page A-25).

The Governor's Supplemental Budget proposes a payment in SFY 2023 of \$25 million to hospitals, of which \$5.7M is from the General Fund. As you can see, within the 'Payment to Provider' account (the account from which hospitals are reimbursed) there is approximately \$23 million in General Fund savings from the federal FMAP adjustment and there is another \$10.7 million that is being lapsed (language Part M). We appreciate that the Governor is using a portion of the savings in these accounts to help hospitals and we urge your support.

Thank you.