

MaineHealth

MaineHealth Local Health Systems

Franklin Community
Health Network
LincolnHealth
MaineHealth Care At Home
Maine Behavioral Healthcare
Memorial Hospital
Maine Medical Center
Mid Coast-Parkview Health
NorDx
Pen Bay Medical Center
Southern Maine Health Care
Waldo County General Hospital
Western Maine Health

Part of the MaineHealth Family

MaineHealth Accountable
Care Organization

MaineHealth Affiliates

MaineGeneral Health
New England Rehabilitation
Hospital of Portland
St. Mary's Health System

Testimony of Sarah Calder, MaineHealth In Support of 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”

Thursday, January 26, 2023

Senator Rotundo, Representative Sachs, Senator Baldacci, Representative Meyer and distinguished members of the Joint Standing Committees on Appropriations and Financial Affairs and Health and Human Services, I am Sarah Calder, Senior Government Affairs Director at MaineHealth, and I am here to strongly support portions of the Governor’s proposed supplemental budget and to identify a critical area of need that is not addressed.

MaineHealth is an integrated non-profit health care system that provides a continuum of health care services to communities throughout Maine and New Hampshire. Every day, our over 22,000 care team members support our vision of “Working Together so Our Communities are the Healthiest in America” by providing a range of services from primary and specialty physician services to a continuum of behavioral health care services, community and tertiary hospital care, home health care and a lab.

While we may have moved into a different phase of the pandemic, MaineHealth – and health systems across the state and country – continue to weather its long-term impacts. It’s truly a perfect storm – the pandemic accelerated and exacerbated a longstanding health care workforce crisis at the same time that our hospitals are seeing more patients and more acutely ill patients than we ever have before. And our patients are staying in our hospitals longer. On any given day, approximately 70 patients are stuck in MaineHealth hospitals awaiting access to an appropriate level of care. This means that our inpatient census has been at capacity nearly every day and our Emergency Departments are often forced to go on diversion – two situations that rarely occurred before the pandemic

MaineHealth has responded by:

- Staffing 40 additional temporary long-term care beds at one of our nursing homes, which operates at a \$1 million loss each month;
- Increased our use of expensive contract labor at a cost of over \$289 million last year alone; and
- As a system, MaineHealth increased wages for non-executives and non-physicians 5 times since January of 2021, totaling \$223 million.

These investments have been necessary in order to continue meeting the needs of our communities, but it has come at a significant cost and, when added to the revenue losses that we have sustained due to delayed and cancelled surgeries and procedures and increased lengths of stay, the result is substantial. After receiving over \$100 million in state and federal relief payments, we ended FY 2022 with a \$44 million loss. This is simply not sustainable, so we are grateful for the Governor's proposed one-time support for hospitals in the Supplemental Budget.

In addition, MaineHealth currently supports three nursing homes, which have provided critical support in relieving the number of patients stuck in our hospitals awaiting a long-term care bed. As you are aware, nursing homes – like all residential facilities – are under incredible stress due to inflationary costs, particularly increased labor costs. As a result, there are over 1,000 nursing facility beds that are unstaffed, and therefore not available to the patients who need them. The one-time supplemental payment for nursing facilities that is included in the supplemental budget proposal will provide much needed relief with the goal of preserving the limited number of staffed beds that remain.

As you know, the pandemic also exacerbated a pre-existing crisis in Maine's behavioral health system. As part of our mission to provide access to needed care for our communities, MaineHealth provides a range of behavioral health services throughout our footprint. These range from community based outpatient therapy, medication management, substance use treatment and care management to inpatient treatment in four community hospitals and Spring Harbor Hospital. Unfortunately, our Emergency Departments have also become a significant part of the behavioral health continuum, though they are in no way equipped to meet the needs of this population.

We are grateful that the Administration and the 130th Legislature recognized this crisis and made an historic investment to help stabilize the system. These funds have done what they were intended to do — stabilize a system in crisis – but it did not fix the problem. People with behavioral health needs, particularly children, continue to languish in our Emergency Departments for days and weeks and many community-based services still maintain long waiting lists or are simply non-existent.

With that said, we are appreciative of the commitment by the Administration and the Legislature last Session to systematically review MaineCare reimbursement rates, many of which haven't been adjusted in over a decade and have led to the slow dismantling of our behavioral health system.

There is one rate in particular, however, that I would like to address today.

In last year's Supplemental Budget, the Legislature appropriated an additional \$6 million to fund the anticipated rate increase for inpatient psychiatric services, which are provided by just six community hospitals throughout the state – four of which are located within MaineHealth hospitals. These are a backbone of the care continuum for patients experiencing acute crisis, and they are instrumental in relieving the pressure on Emergency Departments and Spring Harbor Hospital during the behavioral health shadow pandemic.

While the Department is still reviewing the rate, it is our understanding that the funds appropriated by the 130th Legislature are not sufficient to cover 100% of the cost of providing care. The intention of LD 1867 (now Public Law, Chapter 639) was to develop an equitable and data-driven process to set MaineCare rates – something that for years, the process has lacked. We now find ourselves being told that the base rate for services will be just 80% of the cost of providing the service because the allocation included in the FY '23 budget was less than the costs identified in the rate setting process.

Our own numbers suggest that the number may be closer to 70% of the cost, and we urge you to add the funds necessary to achieve a base rate of 100% of the cost of providing inpatient psychiatric care to the Supplemental and Biennial Budgets. Failure to do so will result in an insufficient base rate for years to come. While we appreciate that the Department has proposed an increase in inpatient psychiatric hospital rates, it is important to recognize that the goal of setting a foundation of paying the cost of delivering the service is not being met, and I urge you not to let an arbitrary amount appropriated by the 130th Legislature dictate what is supposed to be a data-driven rate setting process. As a state, we cannot afford to have any of these beds close due to inadequate funding. Our most vulnerable Mainers will suffer more than they already are as they languish for days, weeks, and months in our hospital Emergency Departments awaiting the appropriate level of care they need.

The supplemental budget includes important investments to stabilize hospitals and long-term care facilities and we sincerely thank Governor Mills, but I urge you to address the shortfall for inpatient psychiatric services. Please help us ensure that we can maintain access to these critically important services for our vulnerable community members who struggle with acute mental health needs.

Thank you and I would be happy to answer any questions you may have.

