



Testimony of  
Dr. Patrick Taylor  
President and CEO  
York Hospital

Speaking Neither for Nor Against

**LD 2214, An Act to Make Supplemental Appropriations and Allocations for the Expenditures of State Government, General Fund and Other Funds and to Change Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2024 and June 30, 2025**

February 26, 2024

Sen. Rotundo, Rep. Sachs, Sen. Baldacci, and Rep. Meyer, and distinguished members of both the Joint Standing Committee on Appropriations and Financial Affairs, and the Joint Standing Committee on Health and Human Services, my name is Dr. Patrick Taylor, and I serve as the President and CEO of York Hospital, located in York Maine. I am here to provide both committees with information regarding the impact on York Hospital from the combined hospital tax increase and in-patient hospital rate reform proposals contained in LD 2214. While some hospitals will benefit from this proposal, unfortunately, York Hospital would be crippled financially by these proposed changes.

First, it may help to tell you a bit about York Hospital, our role in both providing critical health services to our residents, and also our overall impact on the economy of York County. York Hospital is an independent, nonprofit hospital incorporated in 1904. While we serve the entire county, we are most impactful in the York, Ogunquit, Wells, Kittery, Eliot, South Berwick, North Berwick, Berwick, and the Sanford areas. We are licensed for 79 beds on the main campus and have 7 community sites. We employ 1,100 staff, including 147 Providers (MDs/DOs, NPs, and PAs), with 274 physicians on staff, generating payroll and benefits of \$110 million annually. I have attached a fact sheet to my testimony that outlines the levels and volume of services York Hospital provides to our community. Local residents and businesses rely on York Hospital to provide access to quality care for our citizens year-round. What's more, the population of southern York County grows by more than 30,000 people in the summer, with tourists and snowbirds occupying seasonal homes and hotels, and day trippers from throughout the northeast venturing North. York Hospital is critical for keeping our visitors safe and healthy.

Now, onto the budget proposal, and I will start with some historical context. Like all Maine hospitals, York Hospital is subject to the state's "tax and match" system, wherein hospitals are taxed, the State uses that funding to draw down federal Medicaid dollars, and then a portion of that money is returned to hospitals in the form of MaineCare reimbursements. The impact of tax and match on our hospital is both unique and significant when compared to all other hospitals. If it were not for our current designation for MaineCare reimbursement, we would pay more taxes into the system and receive less back in the form of MaineCare reimbursements, relative to others. In addition, we face other external challenges, such as competing for labor in the Greater Boston market. As a result, decades ago, Maine leaders agreed that York Hospital should receive a unique MaineCare reimbursement rate. Past Commissioners, Governors, and legislators tried to carefully balance the benefit of tax and match to hospitals with large MaineCare catchments, with the unique vulnerability of

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hospitals whose patient demographics do not include as many MaineCare patients – like York Hospital. This balancing act helped those hospitals in need, while providing us with some measure of financial protection. However, contained within this supplemental budget proposal are provisions that would lead to the elimination of York Hospital’s current reimbursement rate, the impact of which will ultimately be existential for our survival.

DHHS has recognized that the new hospital tax rate, combined with the elimination of York Hospital’s current reimbursement rate, will have a negative financial impact on the hospital. To that end, this budget proposes a supplemental payment for York Hospital, to partially offset our losses. The Department plans to offer this supplemental payment for a period of 5 years. While we appreciate the Department’s intent here, the reality is this will put the hospital in an extremely vulnerable position. By first increasing the hospital’s tax and then eliminating its special reimbursement rate, the hospital will experience significant losses far beyond the five-year supplemental payment that is being offered.

Under the new tax rate, York Hospital would be required to pay approximately \$2.4 million per year in additional revenue tax. This is on top of a \$1.6 million loss we already experience under the current tax and match structure, for a total annual loss of \$4 million a year. And, after the 5-year transition period associated with the loss of our current reimbursement rate, York Hospital will have an additional \$5.6 million per year loss. In total, this will be a \$9.6 million annual loss. York Hospital, like every other hospital in Maine, runs on a very tight margin. Simply put, the hospital will not be able to withstand those annual losses.

We ask you today to consider maintaining York Hospital’s current reimbursement structure that has been in place for decades and to increase the supplemental payment proposed in this budget to help offset the additional \$2.4 million in proposed taxes we will be required to pay. While this alone will not solve all of York Hospital’s financial losses associated with the state’s tax and match program, it would maintain the chance for York Hospital to survive.

We have been in talks recently with DHHS and the Governor’s Office and wish to thank the Administration for their willingness to discuss our concerns with the proposals before you today. We continue to be in contact with them and have provided DHHS with additional information at their request. We also want to thank both committees here today for taking the time to listen to my testimony. The role that York Hospital plays, in the town of York and throughout all the communities large and small in Southern Maine is critical, and the hospital would truly be irreplaceable. York Hospital and our administrative team stand ready to work with both the administration and you to find a reasonable and sustainable solution to the very real crisis that York Hospital now faces.

Thank you and I would be pleased to answer any questions that either committee might have.



## **MISSION**

Enhance the health and wellness of the communities we serve.

## **VISION**

To be the community's trusted health partner dedicated to clinical excellence and service, empowering people to live their best possible lives.

## **ORGANIZATION OVERVIEW**

- Independent, nonprofit hospital incorporated 1904, serving: York, Ogunquit, Wells, Kittery, Eliot, South Berwick, North Berwick, Berwick and the Sanford area.
- Licensed for 79 beds on main campus, 7 community sites, 274 physicians on staff.
- Annual revenue of approximately \$201 million.
- Employs 1,100 staff, inclusive of 147 Providers (MDs/DOs, NPs and PAs) generating payroll and benefits of \$110 million annually.
- Volunteer team of 150 community members.

## **2023 YORK HOSPITAL CARE & SERVICES FACTS**

- **2,400** Inpatient admissions.
- **3,600** Surgical procedures in five suites (Orthopedics, ENT, General, Urology, Gynecology) Anesthesia services provided by our own York Hospital employed anesthesiologists.
- **17,500** Emergency Dept. visits at two sites (York & Wells).
- **51,000** Walk-In Care visits at five sites (York, Kittery, Berwick, Sanford & Wells).
- **16,400** Home Health Care visits.
- **900** Home visits and **1,320** office visits for Center for Older Adult Care.
- **21,000** Cardiology visits with team of 10 providers at two sites provides inpatient/outpatient care, diagnostics, and Interventional Cardiology Cath Lab services.
- **69,000** Primary Care visits at seven practices (Kittery, South Berwick, Sanford, Wells, York).
- **11,000** Pediatric visits at two sites (York & Wells).
- **8,790** visits to Gynecology & Women's Health Services.
- **14,000** Breast Care Center visits at two sites (York & Wells), providing option of real-time mammography reading services for patients who want to know results before leaving the Center.
- **12,300** Oncology/Infusion visits at three sites (York, Wells & Kittery), also provide clinical trials access.
- **8,700** Patient Rides provided by Patient Transportation allowing access to care/treatment.

## **2023 HEALTH CARE AWARDS, DISTINCTIONS & ACCREDITATIONS**

- A five-star rating for "Overall Hospital Quality" by the Centers for Medicare & Medicaid Services (CMS), one of four Maine hospitals to achieve this distinction.
- Five stars from Hospital Consumer Assessment of Healthcare Providers & Systems (HCAHPS) for "Excellence in Nurse Communication."
- Healthgrades "Outstanding Patient Experience Award" for the fourth consecutive year, scoring in the top 15% nationwide.
- Women's Choice Awards in *Minimally Invasive Surgery, Orthopedics, Outpatient Experience, Small Hospitals Comprehensive Care and Best Mammogram Imaging Center, most ranked within the top 3% in the U.S.*
- An "A" Grade in Social Responsibility from the Lown Institute for performance as care providers, employers, and community partners.

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