MaineHealth

Testimony of Katie Fullam Harris, MaineHealth
Regarding portions of the Governor's Recommended 2024 Supplemental General Fund Budget

Monday, February 26, 2024

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 Katie Fullam Harris, Chief Government Affairs Officer at MaineHealth, and I am here to testify several portions of the Governor's proposed Supplemental Budget and to note several areas in which additional investments or changes should be considered.

MaineHealth is an integrated nonprofit health care system that provides a continuum of health care services to communities throughout Maine and New Hampshire. Every day, our 23,000 care team members support our vision of "Working Together so Our Communities are the Healthiest in America" by providing a range of services to all in need, regardless of insurance status, 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. MaineHealth is proud to provide Maine with high quality care that has been recognized by Leapfrog; US News and World Report, Magnet Nursing Status and many other awards.

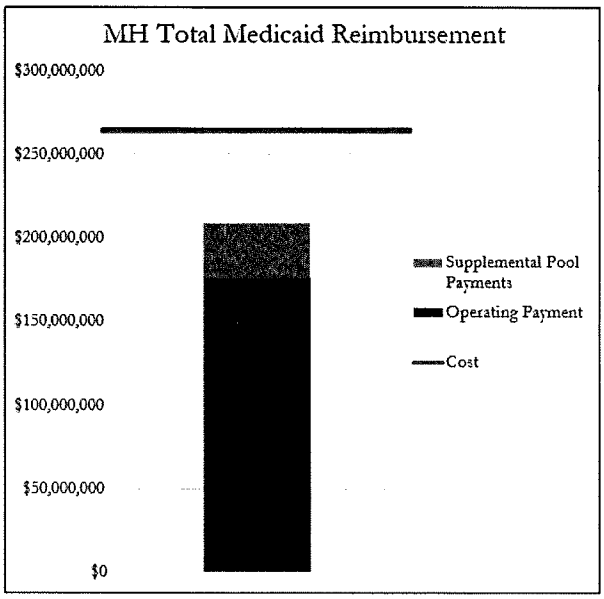
MaineHealth further supports its vision by investing in programs and services that improve the health of our communities. We invest in education and training programs with our partners in the education sector to build a stronger workforce. We work with local nonprofits to fill identified gaps in our communities, including the operation of food banks at three hospitals; mobile harm reduction programs that serve rural communities; clinics that support individuals with chronic disease; and community health workers, among other important programs and services.

At the same time, MaineHealth continues to experience financial challenges related to COVID, and particularly the workforce shortage. We sustained operating losses in three of the last four fiscal years, ending FY '23 with an $18 million operating loss. At the same time, we have invested $328 million in annual base pay and benefits in non-executive, non-physician positions since 2020. We continue to employ about 600 contract positions – primarily nurses – to ensure that we maintain access to needed services with a robust and appropriate staffing model. And we continue to subsidize key services, including behavioral health, long term care, ambulance transport, and physician services, none of which come close to covering the cost of providing the service. Maine is fortunate to have its nonprofit hospital systems whose stewards are volunteer community leaders who oversee our commitment to meeting the needs of all Maine people.

Hospital Payments

As can be seen from the slide below, MaineCare's current payments reflect only 75% of the cost of services provided to its enrollees. This gap places a significant burden on commercial and private payors, as we are forced to cost shift onto those sources to maintain access for all patients. Thus, we are very supportive of the proposal to update MaineCare's hospital rates, as well as the goal of doing so in alignment with cost, quality and value.

FY 2022 MaineHealth System Medicaid Reimbursement



Operating Payments	$178,673,721
Supplemental Pool Payments	$37,144,014
Total Payment	$292,293,267
Total Cost	$391,374,178
Payment as a % of Allowable Cost	74.68%

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1. The impact of Site Neutrality is accounted for in the Operating Payment bar.

As noted by the Maine Hospital Association, the tax and match program is not our preferred way to support hospital payments, however we are comfortable with the changes to the hospital tax included in Part JJ as a means to leverage federal support for needed health care services in Maine.

Part KK - Changes to Critical Access Hospital (CAH) Requirements

Hospitals need every option to create financial sustainability during this challenging time. As drafted, Part KK would substantially change the benefit that eligible hospitals would receive by converting to CAH status.

Hospitals do not convert to CAH status lightly. CAH status limits the number of beds that a hospital can operate to just 25, which would not meet the needs of many communities currently served by Prospective Payment hospitals (PPS). By way of context, Maine Medical Center has 700 licensed beds, most of which are full every day, and our other PPS hospitals have significantly higher numbers of licensed beds and average daily census as well.

When hospitals decide to apply for CAH status, it is almost always due to a low census and poor financial condition. MaineHealth currently has four CAHs, with a fifth, Franklin Memorial Hospital, awaiting final approval. CAH status provides cost-based reimbursement from MaineCare and Medicare, which is intended to provide financial stability to a hospital, but it also brings regulatory requirements that limit the services that can be provided to patients. For example, the average length of stay in a CAH cannot exceed 96 hours or the hospital risks losing its CAH status. This requirement severely limits the types of services that can be provided. Thus, hospitals generally seek CAH status as a means of continuing to provide access to their communities for foundational health care services such as an Emergency Department, limited inpatient care, infusion therapy, primary care, and other similarly important services that are needed to support a community.

Part KK would require that hospitals use increased reimbursement generated by conversion to CAH status solely to meet the Community Health Needs as identified in the Community Health Needs Assessment. This provision would severely limit the benefit of a CAH conversion, which is intended to support operating expenses for foundational health care services of a hospital and not be limited solely to the needs identified in the CHNA.

For example, Franklin Community Hospital lost $27 million between FY 18-FY '20. It is a hospital that fills a critical need in Franklin County, and also one that could no longer survive as a PPS hospital. Franklin's payor mix is comprised of 54% Medicare; 18% MaineCare; 24% commercial and 1.8% self-pay. It is a community hospital that has recently survived solely because of MaineHealth's financial support.

Conversion to CAH status will provide greater assurance that the hospital can continue to provide necessary medical care to the residents of Franklin County. The 2022-2024 Community Health Needs Assessment for Franklin County identified three gaps: Access to care; Mental Health; Social Determinants of Health; and Substance Use Disorder. We can all agree that these gaps are relevant and should be a focus of health strategies intended to meet the needs of the population. By its very nature, a CHNA does not assess services currently being provided, even if at a financial loss. Conversion to a CAH should support sustainability of necessary medical care currently provided as well as an opportunity to better meet identified gaps in the community. We strongly urge the Committees to revise this language to ensure that hospitals provide evidence that a CAH conversion will provide a sustainable financial foundation to support current hospital operations, including efforts to meet needs identified within the most recent CHNA.

Long Term Care

In 2023, 2,947 patients who were medically cleared for discharge from an inpatient bed at a MaineHealth hospital were delayed from transitioning to a lower level of care. While there are a variety of reasons for these delays, the combined loss of licensed nursing facility beds and the closure of beds due to staffing is having a significant impact on our patients. Approximately 100 patients are "stuck" in a MaineHealth hospital every day awaiting discharge, most to a nursing facility or assisted living

facility. On Thursday of last week, Maine Medical Center had 64 patients whose bed days range from five days to 284. There is simply insufficient capacity to meet the needs of aging Mainers who can't safely live at home.

While funding for nursing facilities is not the only challenge, it definitely plays a significant role. MaineHealth lost $30 million on its four long term care facilities in 2023. It is a heavy financial burden on the health system, and one that long term care providers cannot sustain.

We are encouraged by the HHS Committee's passage of LD 1827, which will create a blue ribbon commission to make recommendations on the regulatory and statutory structures that govern Maine's long term care programs. In the meantime, we encourage you to address the short term financial needs of our long term care providers, with the goal of expanding access to these needed services.

Children's Behavioral Health

Maine continues to fail its children with serious behavioral health needs. In 2018, the Department of Health and Human Services commissioned a report that clearly outlined gaps in the children's behavioral health system. Today, five years later, we have seen little progress made in meeting the needs of this population. The system is broken, and this budget does not include the resources to fix it.

Of particular note is the need for secure residential treatment. We have on ongoing crisis in which children who have aggressive behaviors are dropped off at our hospital emergency departments, and their families or guardians refuse to take them home. In fact, in 2023, 345 children in need of behavioral health care spent more than 48 hours in MaineHealth hospital emergency departments, with an average length of stay of five days. One child stayed 118 days. That child spent Halloween, Thanksgiving, Christmas and New Year's sitting in a bare, windowless room. They missed a full semester of being at school with their peers. They did not receive mental health treatment. They did not get to exercise or be outside, as children should. It was heartbreaking for our care team, and it was another example of a failed system.

Today, we have a child who has been in another emergency department for 38 days. They are decompensating in that environment, and there is no discharge plan in place.

We have brought this topic to you before. The Department said they were taking action. The Department was supposed to provide a report to the HHS Committee on January 1 updating the Legislature on the status of developing this capacity. No report has been issued.

It has been five years since the initial report identified the need to build a strong children's behavioral health system. The time has come for action. We strongly encourage you require immediate action to develop secure residential treatment as an alternative to windowless emergency rooms. The children of Maine deserve it.

Thank you for the opportunity to testify, and I look forward to working with the Committees to address these challenges going forward.