

# MaineHealth

## Testimony of Lugene A. Inzana Neither For Nor Against to LD 2271

### **“An Act to Implement the Recommendations of the Task Force to Evaluate the Impact of Facility Fees on Patients to Improve Facility Fee Transparency and Notification and to Prohibit Facility Fees for Certain Services”**

**March 19, 2024**

Senator Bailey, Representative Perry, and distinguished members of the Joint Standing Committee on Health Coverage, Insurance and Financial Services, I am Lugene Inzana, Associate Chief Financial Officer at MaineHealth, and I am here to provide information on why we do not believe this bill is necessary.

My colleagues and I closely followed the work of the Facility Fee Task Force, and while the issue was discussed around the edges, it was never clearly addressed in any of the three meetings of the Task Force – **Maine is one of only a few states that already prohibits separately billing for facility fees for office-based services for commercially insured patients.** This is simply not an issue in Maine thanks to a law passed by the Legislature in 2003, which requires that all health care services provided in an office setting be submitted to claims administrators on the federal standardized claim form for non-institutional providers. In other words, we are prohibited from billing for facility fees for services provided in an office setting.

The Georgetown Center for Health Insurance Reforms identified Maine as one of three states that has gone the furthest to address facility fees charged to commercial payers. Furthermore, many of the patient examples that were discussed in the Task Force meetings were from patients with Medicare or Medicare Advantage coverage, and **Medicare requires hospitals to separate their charges into the professional component and the technical component, which may be referred to as a facility fee.**

Let me be clear. Facility fees are not “tacked on” or “hidden.” A commercially insured patient who receives physician services in an office setting from a hospital-based department in Maine will not receive a separate facility fee charge. And patients with Medicare or Medicare Advantage plans will be charged the same amount as the commercially insured patient, but their bill will be separated into the professional component and the technical component **as is required by the Centers for Medicare & Medicaid Services (CMS).** However, Medicare benefit structures may result in a coinsurance patient responsibility bill balance. This is NOT a billing issue but rather a benefit structure issue.

It was very clear in the Task Force meetings that the financing and billing of health care is complex, and I appreciate that this Committee voted to move forward with a narrow bill, thus mitigating the financial consequences of other task force recommendations. However, we believe that this bill is unnecessary and is in search of a problem that doesn't exist, given Maine's current law.

Should the Committee pursue passage of this bill, there are some specific changes for which we request your consideration. These are minor edits, yet they would bring definitions in alignment with federal Medicare law and thus prevent confusion in their implementation. Specifically:

**Definitions:**

C. "Hospital-based facility" We would urge the Committee to amend the definition of "hospital-based facility" so that it is more closely aligned with the definition used by CMS for provider-based entities:

C. "Hospital-based facility" means a facility that is provider-based as defined by the Centers for Medicare & Medicaid Services and licensed as a hospital under chapter 405 ~~owned or operated, in whole or in part, by a hospital or health system~~ where hospital services or professional medical services are provided.

D. "Professional fee" Again, we would urge the Committee to amend the definition of "professional fee" so that it is more closely aligned with the definition used in Title 24-A:

D. "Professional fee" means a fee charged or billed by a health care entity for professional ~~medical~~ services provided in a hospital-based facility and billed on the current standardized claim form for professional services approved by the Federal Government and submitted electronically.

**Notice Requirements:**

As I stated earlier, facility fees are not "hidden." MaineHealth is in compliance with CMS regulations and notifies patients with Medicare and Medicare Advantage coverage that their billing statement will show a professional component and the technical component if they receive care at a provider-based site of care. Individuals enrolled in Medicare are the only patients who see a "facility fee" on their bills for care received in a hospital-based outpatient setting. We also post notice in our facilities that a facility fee charge may be charged.

**Prohibition on facility fees for certain telehealth services:**

MaineHealth does not charge a facility fee for telehealth services when the patient is in their home or other non-medical setting, regardless of their insurance coverage.

In closing, we recognize that health care is expensive. Hospitals and health systems uniquely provide care 24 hours a day, seven days a week to all patients in need, regardless of insurance status. Hospital-based providers support primary care, maternity care, oncology, chronic disease management, behavioral health, and a host of services for patients whose payment source, including commercial payers, does not cover the cost of the care delivered. MaineHealth lost \$361 million on its physician services last year, and an additional \$18 million providing behavioral health services. Labor alone comprises 65% of our cost structure. The foundation of our mission and role in caring for all patients is necessarily very expensive. But we are also committed to addressing affordability. Last year, we were successful in reducing our expenses by \$100 million through reductions in our non-clinical operations, centralizing functions like HR, finance, and IT. We believe that access to affordable, high quality health care is the cornerstone

of a strong health care system and necessary to meet our vision of “Working Together so Our Communities are the Healthiest in America.”

I thank this Committee for recognizing that you cannot address the cost of health care solely by paying providers less for the services we deliver. We welcome the opportunity to work collaboratively with lawmakers to identify systemic reforms that can stabilize costs for our state while ensuring that we maintain the strong quality and commitment to access that is needed to support Maine’s people and its economy.

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