



**Northern Light
Health**

**LD 1196 An Act Regarding Targets for Health Plan Investments in Primary Care and
Behavioral Health
Testimony in Opposition**

April 15, 2021

Senator Sanborn, Representative Tepler and members of the Health Coverage, Insurance and Financial Services Committee, my name is Lisa Harvey-McPherson RN, I am here today providing testimony on behalf of Northern Light Health and our member organizations speaking in opposition to this bill. Northern Light Health member organizations include 10 hospitals located in southern, central, eastern and northern Maine, 8 nursing facilities, air and ground ambulance, behavioral health, addiction treatment, pharmacy, primary and specialty care practices and a state-wide home care and hospice program. Ninety three percent of Maine's population lives in the Northern Light Health service area. Northern Light Health is also proud to be one of Maine's largest employers with over 12,000 employees statewide.

I want to emphasize as I start comment on this bill that Northern Light Health is in full support of primary care and the critical role that the primary care professionals have in caring for the population of Maine. We agree with the need to invest in primary care, unfortunately the policy approach in this bill is not the pathway forward toward this goal.

In January of this year the committee received a report from the Maine Health Data Organization on primary care spending in Maine based on paid claims data analysis. Maine compares well, depending on the definition of primary care the range of spending is a three-year average of 5.6% to 8.6% of total medical expenditures. The report also states that while other states and national organizations have produced estimates of primary care spending, there is no standard definition for primary care or method for calculating the percent of primary care spending of total expenditures used across states or nationally.

It is my understanding that the bill before you today is related to legislation passed in Rhode Island in 2010. In February of 2020 Health Affairs published an analysis of the Rhode Island 2010 "Affordability Standards" which imposed price controls on commercial contracts and required commercial insurers to increase funding for primary care coordination services. The analysis titled: "Health Care Spending Slowed Following State Regulation of Commercial Insurers Through Rhode Island's Affordability Standards" found that the decline in spending growth was driven by lower prices rather than reduced utilization.

The concept of this bill is to determine a benchmark of spending in primary care and behavioral health services, establish growth targets that payers must meet in primary care and behavioral health spending while also requiring that overall spending can not increase to meet the spending targets. Limitations on overall spending in this payment methodology inherently requires reduced spending in other services. This is where we see the foundational challenge this bill presents.

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Mercy Hospital
Northern Light Health Foundation
Sebasticook Valley Hospital

Section 2 of the bill applies this methodology to the MaineCare program. It is important to understand that there are services funded by MaineCare that have their costs rebased on a regular basis to determine payments including Cost of Living adjustments. Nursing home are an excellent example and a great deal of work has been done to stabilize nursing homes to avoid further facility closures. Other services have long wait lists for services, home and community-based services for elders and disabled children are good examples. Nursing homes and home and community-based services meet unique care needs for MaineCare beneficiaries that cannot be replicated by primary care. So increased primary care spending while holding overall spending flat from the impact results in negative payment adjustments to other essential services.

The bill requires the State Employee Health Plan, MaineCare and Commercial Carriers to meet spending benchmark increases in behavioral health services. Maine's behavioral health system is in crisis and the challenges are the subject of numerous bills in the Health & Human Services committee, the focus of significant work by the Department of Health and Human Services and Maine's behavioral health providers. Behavioral health care in Maine is overwhelmingly driven by state policy, MaineCare funding and federal grant resources. The investments needed in behavioral health care will overwhelm a payment methodology that must also hold overall spending flat.

Section 4 of the bill applies the methodology to commercial carriers. Most of Maine's geography is served by rural health care providers. Rural Health care is uniquely challenged by caring for a population that generally decreases year over year, is older and highly dependent on governmental payers (Medicare and MaineCare). Primary care is an essential component of care in rural communities and supported by rural hospitals and health systems. Health care in rural communities generally has a high fixed cost for the facilities of care and lower volumes of services, it is for this reason that Critical Access Hospitals and their providers are paid based on allowable cost of care. In our experience as an Accountable Care Organization payment models that shift risk of spending to rural health care services are challenging. While the quality of care is outstanding, the underlying dynamics of an aging population, lower volumes and high fixed costs make assuming risk for spending challenging. With no financial risk to the carriers, this bill shifts financial risk to the providers of care.

We thank the sponsor for introducing this bill and stimulating important discussion regarding primary care and investments needed to increase primary care in Maine. We recommend that a stakeholder group comprised of primary care providers, payers and leaders that can advance transformation be established to focus on this goal. In our experience payment methodologies that incentivize quality, patient experience and transparency result in care transformation.

Thank you.