



Keep Rural Maine Healthy

Help Our Hometown Hospitals

The Rural Maine Hospital Crisis: How to Help

M | H | A

Maine Hospital Association

The Problem

The problem:



Keep
Rural Maine
Healthy

Help Our Hometown Hospitals

Maine's rural hospitals are woven into the fabric of their communities, helping families live, work, play and thrive. But Maine's rural hospitals are not thriving; they need immediate help to continue to meet the needs of those they care for and about.

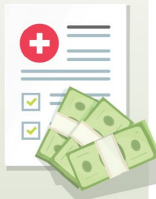
Maine's rural hospitals face a number of challenges in providing care to the people they serve:

RURAL HOSPITALS
LOST **\$20** MILLION
over 5 years

Hospitals absorb the tremendous student debt of their doctors and nurses.



Rural hospitals are less able to make up shortfalls from government insurance - **13%** fewer rural patients, have private insurance.



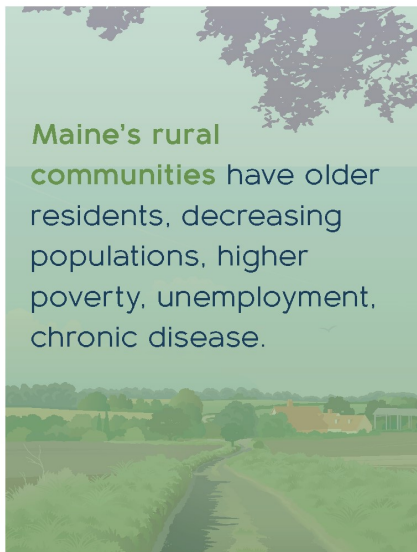
RURAL MAINE
HOSPITALS FORGIVE
\$45
MILLION
IN PATIENT BILLS
EACH YEAR.



↓ Surgeries down **16%**
ED Visits down **5%**
Deliveries down **19%**

The state reimburses only
85% for the cost
of rural
physicians.

Maine's rural communities have older residents, decreasing populations, higher poverty, unemployment, chronic disease.



Out of the **8** Maine hospitals with **5 CONSECUTIVE YEARS OF LOSS**, **7** are rural.



Visit ProtectRuralME.org and learn more about what you can do.

Rural hospitals face many challenges in Maine and across the country

By Crystal Landry, Special to the BDN • January 31, 2019 11:30 am

Health care is evolving and Maine's rural hospitals are at-risk. As the state's population continues to decline and age, and local economies sputter, hospitals are faced with a variety of difficult decisions when it comes to keeping the doors open. Critical access hospitals, including Penobscot Valley Hospital, have been forced to balance declining revenues with service cuts, layoffs and changes to operations. We have seen hospital mergers and closures in all corners of the country.

For my hospital in Lincoln, operational changes and workforce adjustments have not been enough. Penobscot Valley Hospital has filed for Chapter 11 bankruptcy protection as part of a plan to stabilize its long-term financial health.

Historically, it is unusual for a hospital to declare bankruptcy. These, however, are not ordinary times for hospitals operating in Maine and around the country. The Maine Hospital Association reports that rural hospital operating margins were negative 1.3 percent in state fiscal year 2017. More than 90 rural hospitals have closed in the country since 2010, according to the National Rural Health Association, and hundreds more are at risk of closure. We are not alone in our search for the right answers to right-sizing our care delivery system.

There is a direct connection between regional economic conditions and declining revenue at Penobscot Valley Hospital. The loss of hundreds of good paying jobs in 2015 with the permanent closure of Lincoln's major employer, Lincoln Paper and Tissue, has contributed to high unemployment rates, loss of commercial health insurance coverage, and families moving out of the area.

Since 2015, we have seen a 65 percent drop in admissions and a 10 percent overall drop in total patient volume. On a state and national level, the lack, until recently, of Medicaid expansion and cuts to reimbursements have also negatively impacted revenue. We welcome the Medicaid expansion in Maine and support the upcoming "rural health care" bill proposed by state Senate President Troy Jackson, but for us, the help comes too late.

Maine has a dispersed and aging population and as health care evolves, it is imperative that rural communities do not become hospital deserts. For patients who live in Macwahoc or Springfield, the 30-minute drive to Penobscot Valley Hospital in Lincoln is their closest option for hospital care. Many of our older community members require frequent, advanced hospital services, and if Penobscot Valley Hospital closed, they would have to make a difficult choice between uprooting and moving to a community with a hospital or driving longer distances each time they need care. The research is clear — the longer the travel time to a hospital, the higher the mortality risk. Keeping the doors open at Penobscot Valley Hospital saves lives in rural Maine.

Is our hospital failing? Absolutely not. We have made changes over the last three years that have reduced our operating losses from a \$2.1 million net loss to nearly break-even. We have right-sized operations and have implemented creative solutions to prioritize critical health care services. We have a dedicated and hard-working team of employees and providers, and continue to earn top scores on patient satisfaction. We are honored to be one of five hospitals in the country selected through a grant process to participate in a Texas A&M University Rural and Community Health Institute program that provides intensive on-site technical assistance to determine feasible health care options for local, quality care. We have a solid plan in place and fully expect to emerge through the bankruptcy restructuring process in a much stronger financial position.

Rural hospitals, along with schools, are the bedrock of the community and we believe that our local citizens deserve to have a hospital close to home. There is no one-size-fits-all solution for rural hospitals, but for Penobscot Valley Hospital, bankruptcy is the right tool in the tool box to help us continue to fulfill the commitment we made to our community 45 years ago: To improve the health and well-being of those we serve.

Crystal Landry, RN, is the CEO of Penobscot Valley Hospital in Lincoln.

Bangor Daily News

Our View: Rural hospitals close at an alarming rate

Expanding Medicaid will help take some of the pressure off small facilities with low-income patients.

BY THE EDITORIAL BOARD

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In more ways than one, the health of rural areas depends on their hospitals. And throughout the country, the diagnosis is grim.

Caring for a population that is increasingly old and poor, rural hospitals are **struggling**. Since 2010, 88 of **them** have at least ended inpatient services, with many closing altogether. Nearly 41 **percent** of the hospitals that remained open operated at a loss in 2016.

Along with schools, hospitals are the centers of rural communities, and when they close they leave a hole that can't be easily filled. Indeed, the mass closure of rural hospitals – which provide both health care and jobs – is both an indication that many rural areas are in danger of fading away and a contributing factor in that decline. As other factors drive people from rural areas, hospitals are more likely to close, leading more people to move away.

It's a cycle that has to be stopped if rural America is to flourish again.

Portland Press Herald, November 5, 2018

**Maine Hospitals
Comparison of Operating Margins**

	2011	2012	2013	2014	2015	2016	2017
Bridgton Hospital	14.82%	3.45%	3.19%	7.27%	4.05%	-0.27%	1.81%
Calais Regional Hospital	-2.14%	-8.84%	-6.95%	-9.02%	-5.23%	-3.49%	-6.58%
Cary Medical Center	8.16%	-1.05%	-3.91%	3.63%	3.17%	-1.00%	-1.35%
Central Maine Medical Center	-2.76%	-1.08%	-4.36%	1.76%	2.95%	-1.84%	-3.18%
Down East Community Hospital	-2.23%	-2.48%	-4.53%	-5.35%	-0.57%	2.00%	1.60%
Franklin Memorial Hospital	1.57%	-0.29%	-9.78%	-4.20%	-0.69%	-6.21%	-6.38%
Houlton Regional Hospital	-0.42%	-4.43%	-8.90%	-1.73%	-1.46%	-2.40%	-1.07%
LincolnHealth	*	*	*	-1.26%	2.47%	0.52%	3.39%
Maine Medical Center	2.43%	3.29%	1.05%	3.50%	3.51%	4.73%	4.60%
MaineGeneral Medical Center	4.84%	3.52%	3.16%	-3.61%	-6.15%	0.05%	-4.26%
Mayo Regional Hospital	1.13%	-2.40%	-4.37%	-1.88%	-0.02%	-3.30%	-3.60%
Mid Coast Hospital	4.39%	0.89%	1.38%	2.54%	1.91%	0.60%	1.65%
Millinocket Regional Hospital	1.72%	-1.77%	-1.63%	-9.04%	-3.12%	-2.90%	-4.66%
Mount Desert Island Hospital	-1.43%	-4.27%	-1.78%	-2.43%	1.12%	0.51%	3.93%
Northern Light A.R. Gould Hospital	3.11%	-2.03%	1.11%	-3.14%	0.14%	-9.90%	0.94%
Northern Light Acadia Hospital	4.13%	4.14%	9.47%	2.30%	4.68%	6.33%	5.65%
Northern Light Blue Hill Hospital	2.34%	2.09%	4.34%	5.27%	6.46%	2.70%	2.34%
Northern Light C. A. Dean Hospital	10.44%	1.96%	3.69%	-1.59%	-1.20%	-10.90%	6.26%
Northern Light Eastern Maine Medical Center	2.58%	9.18%	4.58%	2.50%	5.49%	3.90%	3.25%
Northern Light Inland Hospital	3.66%	0.99%	1.17%	-2.31%	0.31%	-0.78%	0.88%
Northern Light Maine Coast Hospital	5.45%	-1.28%	-0.47%	-6.52%	-9.68%	-5.20%	-7.52%
Northern Light Mercy Hospital	-8.38%	-6.76%	-4.21%	1.15%	-10.22%	-7.92%	-1.85%
Northern Light Sebecook Hospital	3.22%	0.76%	4.68%	6.49%	3.31%	3.95%	10.40%
Northern Maine Medical Center	-0.37%	29.61%	4.56%	3.17%	2.34%	0.50%	8.30%
Pen Bay Medical Center	2.05%	-4.04%	-0.04%	0.94%	-3.35%	-6.76%	-3.95%
Penobscot Valley Hospital	1.99%	-0.42%	-2.01%	-3.90%	-5.24%	-9.84%	-8.72%
Redington-Fairview General Hospital	-0.91%	-0.87%	-2.85%	-3.65%	-3.65%	0.01%	0.12%
Rumford Hospital	11.34%	-1.18%	-1.58%	0.94%	-1.23%	-2.44%	-0.29%
Southern Maine Health Care	*	*	*	*	-3.41%	-2.83%	-0.17%
Spring Harbor Hospital/Maine Behavioral Healthcare	0.55%	-1.90%	1.74%	0.41%	0.43%	-1.63%	2.26%
St. Joseph Hospital	9.05%	5.38%	8.04%	8.97%	1.33%	2.20%	0.63%
St. Mary's Regional Medical Center	2.71%	-2.60%	0.07%	-1.67%	-1.68%	1.01%	-0.52%
Stephens Memorial Hospital	4.51%	5.44%	3.97%	6.38%	4.95%	2.54%	2.10%
Waldo County General Hospital	8.69%	4.75%	1.96%	-1.54%	6.71%	5.73%	7.63%
York Hospital	1.88%	-1.06%	-1.12%	-1.91%	-0.51%	-1.45%	-1.60%

Color Code:
 Operating Margins < 0
 Operating Margins 0 - 4.99%
 Operating Margins 5%+

Source: Maine Health Data Organization, Audited Financial Statements

* Not Available

Why It Matters

Why it matters:



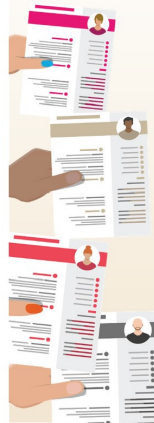
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Help Our Hometown Hospitals

Maine's rural hospitals are woven into the fabric of their communities, helping families live, work, play and thrive. But Maine's rural hospitals are not thriving; they need immediate help to continue to meet the needs of those they care for and about.

Maine's rural hospitals are generally the largest employer in the area; when a hospital closes or drops a service, several things occur:

Primary care and specialty physicians **leave the area** – re-locating closer to a hospital.



100s

of **caregivers** and **support staff** are suddenly **unemployed**.

Businesses that rely on hospital workers **suffer** and **close**.



Patients must travel greater distances – creating hardships on them and their families. At best, no care – at worst, death.



Visit ProtectRuralME.org and learn more about what you can do.

A Solution

Part of a
proposed solution:



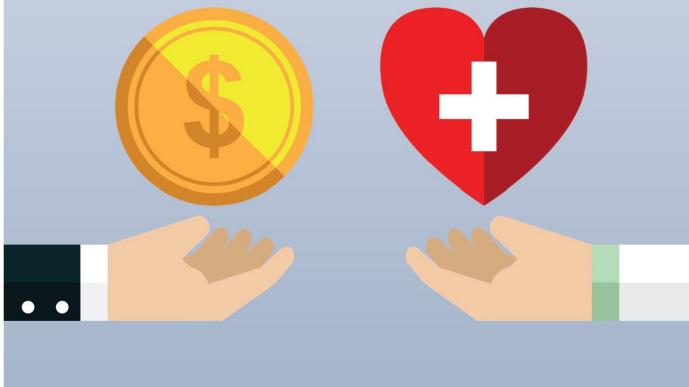
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Maine's rural hospitals are woven into the fabric of their communities, helping families live, work, play and thrive. But Maine's rural hospitals are not thriving; they need immediate help to continue to meet the needs of those they care for and about.

The **MHA Rural Hospital Bill** proposes several solutions that will help keep rural Maine healthy and help our hometown hospitals:

- **Increase MaineCare reimbursement** for rural hospital-employed physicians to 100% of the cost.
- Re-base, for the first time in 20 years, the reimbursement for Rural Health Clinics to provide **more equitable payment** for provider costs.
- **Tuition reimbursement** - change tax law to exempt loan forgiveness amount from taxable income for nurses and physicians.



What you can do:

As a member of the Maine Legislature, there are things you can do to help Maine's hometown hospitals to survive:



- **Reach out** to your local hospital to learn more about the challenges they are facing.
- **Read the fact sheets** (link here) that outline the economic importance of hospitals and/or dropping service lines.
- **Follow the stories** of people who have been affected (link here) by Maine's rural hospital crisis.

Vote in favor of
MHA Rural Hospital Bill.

Visit ProtectRuralME.org and learn more about what you can do.

Keep Rural Maine Healthy

Please Support the Improving Rural Healthcare Act

The Medicaid program must treat Rural Hospitals more fairly and stop forcing hospitals to suffer financial losses treating Medicaid patients. LD 1350: *An Act To Improve Rural Health Care*, sponsored by Senate President Troy Jackson, makes three changes that will Help Our Hometown Hospitals now.

Improving Rural Healthcare Act

LD 1350: *An Act To Improve Rural Health Care*, sponsored by Senate President Troy Jackson (Aroostook Cty.) and Rep. Anne Perry (Calais) makes three policy choices that will help hospitals continue to employ physicians and nurses in Rural Maine. There is no single change that will solve all the challenges in rural hospitals; however, the State must treat rural hospitals more fairly.

Part A – Hospital Physicians Are Underpaid by Medicaid. (State Cost = \$1.75M)

Part A increases MaineCare reimbursement for rural hospital-employed physicians. Hospitals lose 7% on inpatient and emergency room physicians; hospitals lose 16% on outpatient physicians.

When Medicaid undercompensates hospitals the hospitals are forced to try and shift those losses onto other payers, like the commercial insurance carriers that provide coverage to small businesses in the community. When it works, this 'cost shift' drives up the cost of doing business in Rural Maine. However, increasingly rural hospitals are unable to shift those costs and are absorbing unsustainable losses.

Part A asks Medicaid to simply do its part and cover the cost of providing physician services to Medicaid patients.

Part B – Rural Health Clinics Need to Be Re-Based (State Cost = \$1.5M)

Part B re-bases the reimbursement for Rural Health Clinics (RHCs). RHCs were created by the federal Rural Health Clinic Services Act of 1977 which was enacted to address an inadequate supply of physicians serving Medicare patients in rural areas and to increase the use of non-physician practitioners, such as nurse practitioners (NPs) and physician assistants (PAs) in rural areas.

RHCs are paid a flat rate for medically-necessary primary health services and qualified preventive health services furnished by an RHC practitioner. The base rate is set in rule and has not been re-based since 2001 for many RHCs in Maine. There have been some modest inflation adjustments in Medicaid, but they are not nearly sufficient to keep pace with the cost of care. This provision applies to all RHCs, not just those owned by hospitals.

For example, the Medicaid reimbursement rates are 40-50% below the Medicare rates that the federal government pays.

Part C – Loan Forgiveness Programs are Vital to Recruiting Doctors and Nurses (State Cost = \$1.25M).

When a healthcare employer provides loan forgiveness to an employee, Maine's tax code counts that forgiveness as taxable compensation to the healthcare employee. Thus, the doctor or nurse must pay taxes to Maine on the amount of loan forgiveness received. This bill exempts that forgiveness amount from the employee's taxable income for nurses and physicians at any hospital in Maine (not just rural Maine). This provision is modeled on the existing program for undergraduate loan payments. It would apply to all hospitals, not just rural hospitals.

Rural Hospitals: Rural hospitals include Maine's 16 Critical Access Hospitals (CAHs) and 6 PPS hospitals that qualify for Medicare benefits provided to smaller, rural hospitals.

Maine's Rural Hospitals

Critical Access

Mount Desert Island Hospital (Bar Harbor)
Penobscot Valley Hospital (Lincoln)
Redington-Fairview General Hospital (Skowhegan)
Rumford Hospital (Rumford)
LincolnHealth/St. Andrews Hospital (Boothbay Harbor)
Northern Light Sebecook Valley Hospital (Pittsfield)
Stephens Memorial Hospital (Norway)
Waldo County General Hospital (Belfast)
Northern Light Blue Hill Hospital (Blue Hill)
Bridgton Hospital (Bridgton)
Calais Regional Hospital (Calais)

Northern Light C.A. Dean Hospital (Greenville)
Down East Community Hospital (Machias)
Houlton Regional Hospital (Houlton)
Mayo Regional Hospital (Dover-Foxcroft)
Millinocket Regional Hospital (Millinocket)

Other

Northern Light A.R. Gould (Presque Isle)
Cary Medical Center (Caribou)
Franklin Memorial Hospital (Farmington)
Northern Light Inland Hospital (Waterville)
Northern Light MaineCoast Hospital (Ellsworth)
Northern Maine Medical Center (Fort Kent)



Maine Hospital Association

**MAINE'S LEADING
VOICE FOR HEALTHCARE**

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