



Maine Hospital Association

Representing community hospitals and the patients they serve.

MHA Talking Points

Proposed Biennial Budget

(2018 – 2019)

The proposed budget is unequivocally bad for hospitals and the hospital cuts should be opposed without hesitation.

- 1. There is no Medicaid budget crisis, or even a challenge. The DHHS cuts, including hospital cuts, are being used to fund other priorities. The Medicaid budget is getting cut.
2. Hospitals have always helped when there was a crisis. In the past, when the Medicaid budget did have a problem, hospitals did more than our part to help balance the budget. Over the past 6 years hospitals have absorbed:
- A \$20M hospital tax increase;
- 10% cut to outpatient reimbursement rates;
- Cuts to "crossover" payments;
- Cuts to Medicaid eligibility for 40,000-50,000 citizens; many of whom became immediately eligible for charity care pursuant to DHHS mandate;
- Cuts to Emergency Department reimbursement.
3. We don't live in a vacuum. While none of us knows what will happen, it seems fairly clear that Congress will be less generous toward the healthcare sector going forward. We have to prepare for those major changes.
4. Hospitals are operating on very thin margins. Over the past 5 years, the aggregate, average margin for hospitals is 1%. There is no ability to absorb cuts.
5. Medicaid's reimbursement to hospitals is low – and falling. Medicaid reimburses hospitals only approximately 72% of costs; this is a decline from approximately 77% five years ago. Hospitals need a rate increase, not a tax increase.
6. Hospitals are approximately 1/3 of the Medicaid program. Eligibility cuts hit hospitals the hardest of any provider group.

Table with 7 columns: Category, SFY 2018 (State, Federal, Total), SFY 2019 (State, Federal, Totals). Rows include Hospital Tax, CAH Cut, HOPD Cut, Eligibility I*, Eligibility II*, Sales Tax, and Total.

* Hospital impact presumed at 1/3 of statewide.

Urge your local legislators to oppose the budget as drafted.