



# Maine Hospital Association Federal Issues

2022





# Nice to See You Again

It's been three years since we've been able to make a trip to D.C. to see you in conjunction with the American Hospital Association's annual meeting.

No one is more excited to return to a semblance of normalcy than we are.

Just because we haven't been to D.C. in April for a few years does not mean haven't been in touch or seen each other here in Maine.

During the entirety of the pandemic, we've been in regular communication with you on the full range of issues we've encountered as hospitals met this pandemic.

Your support has been crucial to our ability to help Maine respond to the pandemic with a national-leading success.

And we have had success. From a recent paper by conservative economists which ranked Maine in the top 10 for COVID-19 response, to a paper by liberal academics at Cal Berkeley that ranked Maine 3rd in terms of best response to COVID. Maine, Vermont and New Hampshire were the only three states to be included in the top 10 for both reports.

Following is what we wrote in the 2019 version of this document:

*How will Maine hospitals survive the next economic downturn?*

*Our survival depends on your continued support.*

*For your past and future support, thank you.*

As you will see on the following pages, your support did in fact help ensure our survival.

We can't thank you enough for your support during this extremely difficult time.

Thank you.

## About MHA

The Maine Hospital Association represents all 36 community-governed hospitals in Maine. Formed in 1937, the Augusta-based nonprofit Association is the primary advocate for hospitals in the Maine State Legislature, the U.S. Congress and state and federal regulatory agencies. It also provides educational services and serves as a clearinghouse for comprehensive information for its hospital members, lawmakers and the public. MHA is a leader in developing healthcare policy and works to stimulate public debate on important healthcare issues that affect all Maine citizens.

# Federal Support for Hospitals During the Pandemic

All of Maine's acute-care hospitals are nonprofits, and Maine is one of only a few states where this is true. However, most nonprofit businesses, including hospitals, need financial reserves, so they need to earn slightly more in revenue than they have in expenses. In addition to capital investments and maintenance, these reserves help during difficult economic times and allow for unexpected expenses and revenue losses.

The pandemic brought unprecedented financial challenges for Maine hospitals:

- Revenue was down due to reduced services as hospitals cleared capacity to deal with COVID cases and the public was wary of entering hospitals;
- Expenses were up due to worldwide demand for all the same items, labor shortages caused by people leaving work to care for children while schools were closed and skyrocketing national inflation.

**In 2020, the first year of the pandemic and the most recent year for which we have finalized data, the aggregate margin for Maine hospitals was 0.0%. This is a disaster. Typically, hospitals net \$150M to \$250M combined; in 2020, this plummeted to \$20 million.**

However, we are expecting a meaningful turnaround in 2021 thanks to your support. While some of the early CARES Act relief was received in 2020, the bulk of the federal relief - totaling over \$660 million - was received in 2021. See the table on the adjacent page for details.

This is not a complete picture of the federal relief you provided. You did so much more for which we don't have an accounting of the numbers, but which was vital to us both from a fiscal standpoint and an operational standpoint in terms of managing COVID.

***We can't say it enough - Thank You.***

## Other federal assistance:

- **Medicaid Expansion** - During the pandemic, enrollment in Maine quickly doubled from 45,000 to approximately 90,000. As you know, 90% of the cost of Medicaid expansion is provided by the federal government. Without it, 50,000 people would have lost coverage in the middle of a pandemic and hospitals would have borne the brunt of the financial loss.
- **Supplies** - PPE, ventilators, testing supplies, vaccination supplies, vaccines and other supplies were provided from various federal stockpiles or via federal purchasing and distribution.
- **National Guard** - We were also provided human support at federal expense.
- **State Assistance** - Even the state assistance we've received was predominantly federally funded.

The total financial assistance here is not as much as the direct financial aid you provided, this support allowed us to directly respond to COVID and keep Mainers safe.



## Federal Financial Assistance

### Amount Received by Maine Hospitals

CARES Act - Tranche 1	\$92.7M
CARES Act - Tranche 2	\$27.0M
CARES Act - Tranche 3	\$126.5M
Other	\$7.9M
ASPR Grant	\$1.5M
PPP Loan	\$22.0M
Sequestration	\$21.3M
Rural Hospital Distribution	\$119.0M
SHIP (Rural) Distribution	\$1.6M
RHC (COVID Testing)	\$1.8M
Safety Net Hospitals	\$53.0M
Semi-Rural	\$20.2M
Hot Spot Funding	\$9.1M
FEMA Funding	\$5.8M
ARPA - Rural Payment	\$109.8M
HRSA Phase 4 (Round 1)	\$28.0M
HRSA Phase 4 (Round 2)	\$30.0M
GRAND TOTAL FEDERAL RELIEF	\$677.0M

***Special thank you to Sen. Collins for your sponsorship of the Provider Relief Fund Improvement Act with Sen. Shaheen, and for protecting PRF funds from being used to pay for the Bipartisan Infrastructure Act.***

## Preserve 340B Drug Discounts

### **340B Hospitals**

Bridgton Hospital  
Calais Community Hospital  
Central Maine Medical Center  
Down East Community Hospital  
Franklin Memorial Hospital  
Houlton Regional Hospital  
LincolnHealth  
MaineGeneral Medical Center  
Maine Medical Center  
Millinocket Regional Hospital  
Mount Desert Island Hospital  
Northern Light A.R. Gould Hospital  
Northern Light Blue Hill Hospital  
Northern Light C.A. Dean Hospital  
Northern Light Eastern Maine Medical Center  
Northern Light Inland Hospital  
Northern Light Maine Coast Hospital  
Northern Light Mayo Regional Hospital  
Northern Light Sebecook Valley Hospital  
Northern Maine Medical Center  
Pen Bay Medical Center  
Penobscot Valley Hospital  
Redington-Fairview General Hospital  
Rumford Hospital  
St. Mary's Regional Medical Center  
Stephens Memorial Hospital  
Waldo County General Hospital

The 340B Drug Discount Program was created in 1992 and provides eligible hospitals with access to discounted drug prices for their patients receiving outpatient hospital services. Eligible hospitals include those that provide a disproportionate amount of care to low income patients, Critical Access Hospitals (CAH), Rural Referral Centers, Sole Community Hospitals and children's hospitals.

The 340B Drug Discount Program requires pharmaceutical manufacturers to provide prescription drugs to qualifying hospitals and other covered entities at or below a "340B ceiling price" established by the Health Resources and Services Administration. These drugs are then provided to all hospital patients with the exception of those patients on the Medicaid program. Medicaid patients are covered under a similar drug discount program administered by State Medicaid Agencies.

Approximately one-third of all U.S. hospitals now participate in the 340B program, yet pharmaceuticals purchased at 340B pricing account for only **5% of all** medicines purchased in the United States each year. This program produces significant savings for safety-net providers, generally between 20% and 50% of the drug's cost.

**Currently, 27 Maine hospitals qualify for the 340B Drug Discount program and receive a collective benefit estimated to be \$315 million a year.** Eliminating the 340B benefit would have a devastating impact on hospital financial health.

**The Challenge.** Carriers and pharmaceutical companies are taking increasingly aggressive action to undermine the intent of the program and are having an impact. If they succeed in their goal of reducing the benefit of 340B, hospitals will lose crucial support, patients will see no financial relief and pharmaceutical companies will laugh all the way to the bank.

The Maine Legislature chose not to intervene as this is a federal program.

Please support HRSA's enforcement of the intent and purpose of the 340B program.

# Violence is a Silent Epidemic

Hospitals and health systems have long had robust protocols in place to detect and deter violence against their team members. Since the onset of the pandemic, however, violence against hospital employees has markedly increased — and there is no sign it is receding. Studies indicate that 44% of nurses report experiencing physical violence and 68% report experiencing verbal abuse during the pandemic.

Workplace violence has severe consequences for the entire healthcare system. Not only does it cause physical and psychological injury for healthcare workers, but workplace violence and intimidation make it more difficult for nurses, doctors and other clinical staff to provide quality patient care. Nurses and doctors cannot provide attentive care when they are afraid for their personal safety, distracted by disruptive patients and family members, or traumatized from prior violent interactions. In addition, violent interactions at healthcare facilities tie up valuable resources and can delay urgently needed care for other patients. Studies show that workplace violence reduces patient satisfaction and employee productivity, and increases the potential for adverse medical events. For medical professionals, being assaulted or intimidated can no longer be tolerated as “part of the job.”

**We estimate that the level of assault on hospital workers has almost doubled during the pandemic with half of those assaults being physical.**

This unacceptable situation demands a federal response.

Sadly, much of the violence, particularly in emergency rooms, is intertwined with behavioral health challenges many patients face. No one is more sensitive to this issue than our staff. However, this can't be an excuse for doing nothing.

There is no existing federal statute that protects healthcare workers from the even greater incidence of violence that they experience. **We therefore urge you to support legislation, modeled after 18 U.S.C. § 46504, that would provide similar protections as those that currently exist for flight crews and airport workers.**

## Attorney General is Key

Last year, the U.S. Attorney General took decisive action to address the rise in violent behavior on commercial aircraft by directing United States Attorneys to prioritize prosecutions when airline employees were harmed by passengers.

He wrote:

*“The U.S. Department of Justice is committed to using its resources to do its part to prevent violence, intimidation, threats of violence, and other criminal behavior that endangers the safety of passengers, flight crews, and flight attendants on commercial aircraft.”*

As he recognized, vigorous enforcement creates a safe traveling environment, deters violent behavior, and ensures that offenders are appropriately punished.

If you speak with the Attorney General, we would ask you to encourage him to commit to our healthcare workers as he has committed to airlines.

# Important Budget Initiatives

The President's proposed budget has a few initiatives we encourage you to support. We would like to see some additional provisions added to the final budget package as well.

## ***Help Rural Hospitals***

Please support Rural Hospital Support Act (H.R. 1887/S. 4009).

Rural hospitals are essential access points for care, economic anchors for communities and the backbone of our nation's rural public health infrastructure. These hospitals have maintained their commitment to ensuring local access to high-quality, affordable care during the COVID-19 pandemic and beyond, in spite of unprecedented financial and clinical challenges over the last two years

The Rural Hospital Support Act would make permanent the Medicare-Dependent Hospital (MDH) program and enhanced low-volume Medicare adjustment for small rural prospective payment system hospitals (LVH). The bill also would allow sole community hospitals (SCH) and MDHs to choose an additional base year from which payments can be calculated.

Cary Medical (MDH & LVH)

Franklin Memorial (SCH & LVH)

Northern Light - AR Gould (MDH)

Northern Light - Inland (MDH & LVH)

Northern Light - MaineCoast (SCH)

Northern Maine Medical (SCH)

Pen Bay Medical (SCH & LVH)

St. Josephs (MDH)

## **Behavioral Health**

The budget seeks to strengthen access to behavioral healthcare by investing in workforce development and service expansion; enhancing enforcement of the parity law; expanding coverage under Medicare and private insurance by requiring coverage of specific behavioral health services; and improving access under Medicaid through build-outs of existing programs. This includes investing \$7.5 billion in a new mental health system transformation fund, permanently extending funding for Community Mental Health Centers, requiring major health insurance coverage programs to cover three behavioral health visits per year without cost-sharing, and eliminating the 190-day lifetime limit on psychiatric services under Medicare.

## **Pandemic Preparedness**

The budget includes \$81.7 billion in mandatory funding over five years across ASPR, CDC, NIH, and FDA to support the U.S. capabilities to prepare for and respond rapidly and effectively to future pandemics and other high consequence biological threats. As part of the plan, ASPR would invest \$40 billion to conduct advanced research and development of vaccines, therapeutics and diagnostics for high priority viruses; scale up domestic manufacturing capacity for medical countermeasures; and expand the public health workforce. Other investments in pandemic preparedness include:

- \$975 million for the ASPR Strategic National Stockpile to sustain and expand current inventory (an increase of \$130 million above FY 2022 enacted).
- \$828 million for ASPR's Biomedical Advanced Research and Development Authority to support life-saving medical countermeasures and antimicrobial development (an increase of \$83 million above FY 2022 enacted).



- \$292 million to the ASPR Hospital Preparedness Program (an increase of \$11 million above FY 2022 enacted).
- \$842 million for CDC's domestic preparedness (level with FY 2022 enacted).
- \$1.6 billion in new spending for FDA to expand and modernize regulatory capacity, information technology and laboratory infrastructure to respond to any future pandemic or high consequence biological threat.

## Workforce

The budget would add \$324 million in new workforce spending to a total of more than \$2 billion in FY 2023. This would more than double the investment in behavioral health workforce development programs to \$397 million and increase the National Health Service Corp by \$88 million to \$210 million. At the same time, the budget proposes to decrease the investment in Children's Hospitals Graduate Medical Education by \$25 million to \$350 million.

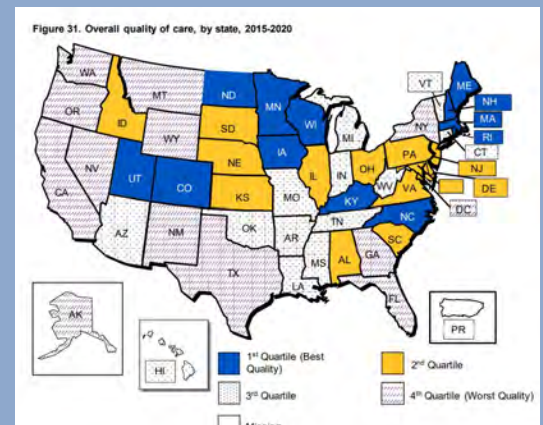
## Other Items We'd Like Included

- **Extend the Medicare sequester relief** until the end of the COVID-19 public health emergency or Dec. 31, 2022, whichever is later. Without it, AHA estimates hospitals will lose \$3 billion by the end of the year.
- **Add more money to the Provider Relief Fund** to address the tremendous financial strain caused by the delta and omicron variants and to extend the deadline for spending previously distributed funds.
- **Adjust the repayment terms for Medicare accelerated and advance repayments.** Specifically, Congress should suspend repayments for six months and allow for recoupment after the repayment suspension of 25% of Medicare claims payments for the following 12 months.
- **Continue critical telehealth flexibilities** after the COVID-19 public health emergency (which should be extended beyond the current April 15 expiration date).

## Maine Hospitals and the Quality of Care

We have always been proud of the very high-quality care our members provide.

That is no different now. AHRQ's most recent *National Healthcare Quality and Disparities Report* notes that Maine is in the top quartile for quality from 2015-2020.



It is worth noting that it appears that quality suffered nationwide as a result of the pandemic.

According to a February report in the *New England Journal of Medicine*, quality metrics are down. The authors speculate that the causes are likely related to vast numbers of very ill patients, staff burnout and shortages, and supply chain disruptions.

That said, **Leapfrog** gave Maine the **Leapfrog Top State of the Decade for Patient Safety Award** for unparalleled achievements in patient safety.

## Workforce Challenges

Maine's aging population creates a higher demand for healthcare services. And our existing healthcare workers are reaching retirement age themselves.

The result is a shortage of workers. MHA surveyed our membership for RN nursing vacancies, and found that hospitals have approximately 1,500 nurse vacancies statewide. This does not include nursing homes or other providers of nursing services.

As you know, the pandemic created a worldwide increase in the demand for nursing. This led to a rapid increase in nurses leaving full-time employment and joining so-called 'traveler' agencies that place nurses temporarily. The cost to the system for travelers is often 2 or 3 times the normal employment rate.

We understand that the discussion of this issue has generated push-back. It shouldn't. The concern of hospitals is that there is no transparency regarding the fees and profits of these agencies. If a for-profit company dramatically increased the price of bottled water or generators during a hurricane-related public health emergency, there would be an investigation into possible price-gouging. All we are asking is for some transparency into the agencies that are profiting - not the nurses who made a reasonable decision - to make sure these agencies aren't gouging the healthcare system. **Thank you Representatives Pingree and Golden for supporting that simple request.**

In the 2019 version of this paper, we estimated that Maine would have a nursing shortage of more than 3,200 RNs by 2025. MHA recently had that forecast updated, and it is now estimated that we will have a shortfall of between 1,500 - 2,500. This is good news, but is still a substantial shortfall.

We can't just pay our way out of this problem with higher salaries (the U.S. already pays substantially more for nurses than do other developed nations); this isn't a demand-side problem. We need a bigger supply of candidates.

### *Excerpts from the MHA Nurse Workforce Report:*

- Unemployment among RNs is very low (1.9%). This is below normal limits for a full employed labor force – there are always some members of the workforce who are in transition, for many reasons.
- The number of licensed, working RNs in Maine increased to 16,667 in 2020/2021 from 16,063 in 2015 (4% net increase). Every region within Maine benefitted from this increase.
- Between 2015 and 2020/21 we see a dramatic shift in the ages of RNs, as a group. The number of working RNs younger than 35 grew by over 1,000. No other cohort saw this level of an increase
- The improved projected shortage of RNs in Maine for 2025 was mostly driven by an annual increase in the number of early-career, newly educated and trained RNs by about 175 additional RNs (from a baseline of about 700 in 2016). Assuming all other things remain the same (retention rates, retirement levels, choice of setting and choice of practice by working RNs, etc.), the state would need to have an additional 147 early-career RNs each year in order to mitigate the expected shortage in 2025.

*Thank you for your sponsorship or support of the Healthcare Workforce Resilience Act (S. 1024/H.R. 2255).*

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# 2022

## MHA Member Hospitals

Bridgton Hospital, Bridgton  
Calais Community Hospital, Calais  
Cary Medical Center, Caribou  
Central Maine Medical Center, Lewiston  
Down East Community Hospital, Machias  
Franklin Memorial Hospital, Farmington  
Houlton Regional Hospital, Houlton  
LincolnHealth, Damariscotta & Boothbay Harbor  
MaineGeneral Medical Center, Augusta & Waterville  
Maine Medical Center, Portland  
Mid Coast Hospital, Brunswick  
Millinocket Regional Hospital, Millinocket  
Mount Desert Island Hospital, Bar Harbor  
New England Rehabilitation Hospital of Portland  
Northern Light Acadia Hospital, Bangor  
Northern Light A.R. Gould Hospital, Presque Isle  
Northern Light Blue Hill Hospital, Blue Hill  
Northern Light C.A. Dean Hospital, Greenville  
Northern Light Eastern Maine Medical Center, Bangor  
Northern Light Inland Hospital, Waterville  
Northern Light Maine Coast Hospital, Ellsworth  
Northern Light Mayo Hospital, Dover-Foxcroft  
Northern Light Mercy Hospital, Portland  
Northern Light Sebecook Valley Hospital, Pittsfield  
Northern Maine Medical Center, Fort Kent  
Pen Bay Medical Center, Rockport  
Penobscot Valley Hospital, Lincoln  
Redington-Fairview General Hospital, Skowhegan  
Rumford Hospital, Rumford  
St. Joseph Hospital, Bangor  
St. Mary's Regional Medical Center, Lewiston  
Southern Maine Health Care, Biddeford & Sanford  
Spring Harbor Hospital, Westbrook  
Stephens Memorial Hospital, Norway  
Waldo County General Hospital, Belfast  
York Hospital, York



Maine Hospital Association

**MAINE'S LEADING  
VOICE FOR HEALTHCARE**

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