



Hospital-Based Physician Practices

2018



Hospital Issues

Maine's Hospital-Based Physician Practices Would be Decimated If Medicare Moves Closer to a Site-Neutral Payment Policy

Hospitals in Maine employ about 70% of the physicians working in the state. In rural Maine, this percentage of employed physicians is more than 90%. Hospitals pay to recruit these scarce professionals, supply insurance such as professional liability and workers compensation, and often help pay for their medical education.

Hospitals employ these physicians primarily to provide patient access to healthcare services in a largely rural state. Many states, especially in rural parts of the country, employ a large percentage of their physicians, so any Medicare or Medicaid policy change toward site-neutral payments would have a disproportionate impact on rural America. In fact, a national analysis of previous site-neutral payment proposals has shown Maine to be the state most negatively affected when considered on a per capita basis.

Hospital-based physician services are open to all patients including those without the ability to pay.

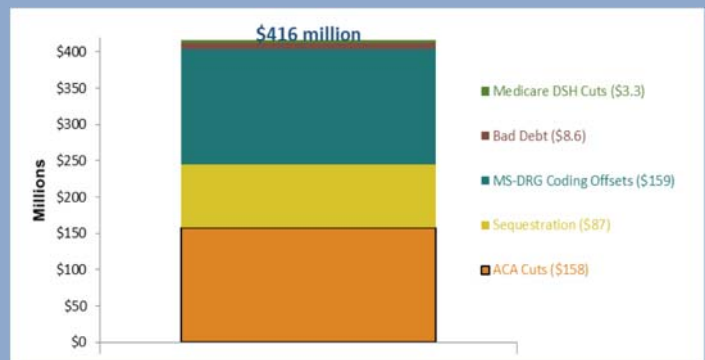
Unlike community-based providers, those who operate in a hospital outpatient department are required to open their practices to all patients, including Medicaid patients and those unable to pay for their care. In fact, these practices must follow all the regulations imposed on hospitals. This is critical to maintaining access for all patients in need of care but also results in huge amounts of uncompensated care that needs to be covered. For the latest reporting period, Maine hospitals provided over \$570 million in free care to patients.

Maine's hospitals have absorbed enormous cuts in both Medicare and Medicaid in the past eight years.

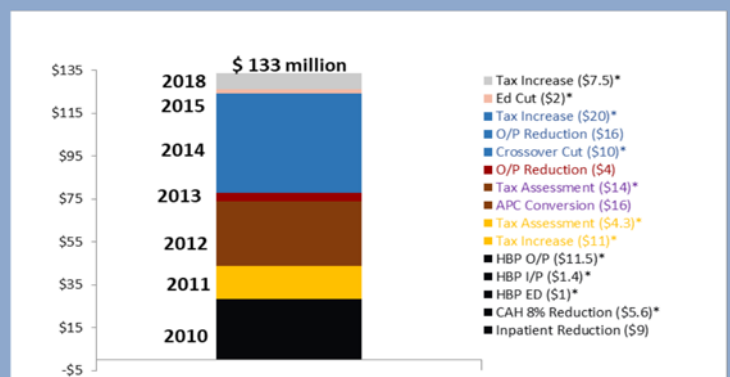
Payments for services provided to Medicare patients have been reduced by \$416 million since 2010. These cutbacks included cuts to hospital spending that were enacted as part of the Affordable Care Act and the 2013 sequestration effort that mandated a 2% across-the-board reduction in all Medicare payments.

Additional cuts to Medicare reimbursement, such as moving to a site-neutral payment policy, are unsustainable and would harm Medicare patients.

Hospitals have absorbed \$416 million of new Medicare cuts since 2010.



Hospitals have absorbed \$133 million of new Medicaid cuts since 2010.



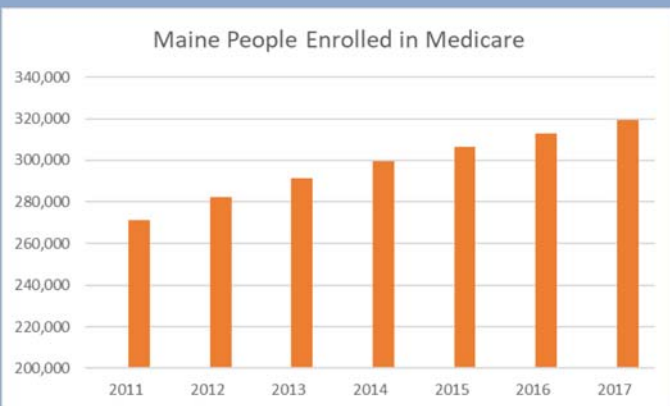
Access to needed opioid use disorder treatments, such as Medication Assisted Treatment (MAT), will be jeopardized.

The vast majority of MAT in Maine is provided by hospital-based physician practices. These HOPD practices, and their employed physicians, already struggle to provide MAT because so many of these patients lack health insurance coverage. A move to site-neutral payments would make any existing MAT coverage significantly more challenging to provide and make the development of new services virtually impossible.

Maine will need additional hospital-based physicians in the future given the large increases in the Medicare population.

Maine already has the highest median age in the country at 44.1 years old and has the second highest percentage of its population over age 65 at 18.3% (Florida has the oldest at 19.1%). As such, 23% of Maine’s entire population is on Medicare, tying it with West Virginia for the highest percentage in the country (the national average is 17%).

A site-neutral payment policy will severely challenge Maine hospitals’ ability to recruit and employ physicians to serve this ever- increasing population.



Furthermore, Maine is already a good deal for Medicare. According to CMS, Maine’s Medicare costs are 12% below the national average.

Congress has already established Medicare payment policy for hospital-based physician services.

In 2015, Congress prohibited new hospital-based outpatient locations, but it clearly established a policy to preserve the existing outpatient rate for “grandfathered” HOPDs in recognition of the crucial role that they play in providing needed healthcare services their communities. This policy should be maintained and Congress should allow no further erosion in Medicare payments for hospital-based practices.

The Maine Health Access Foundation looked at rural healthcare and noted the importance of physician employment by hospitals in the rural parts of Maine. “As in most states, rural health resources and services in Maine are characterized by the predominant role of small, community hospitals that have increasingly become the organizational and financial foundation for other critical services, including emergency medical services and primary care...rural hospitals have increasingly employed local physicians in part to strengthen the hospital’s and the community’s ability to recruit and retain primary care and other physicians.”

Bottom Line: *Further cuts to hospital practices that care for Medicare patients is not the appropriate reimbursement method for CMS to adopt. At the very least, Medicare should maintain the existing physician payment policy that was adopted as part of the Congressional negotiated Section 603 of the Bipartisan Budget Act of 2015.*

2018

MHA Member Hospitals

Acadia Hospital, Bangor
The Aroostook Medical Center, Presque Isle
Blue Hill Memorial Hospital, Blue Hill
Bridgton Hospital, Bridgton
Calais Regional Hospital, Calais
Cary Medical Center, Caribou
Central Maine Medical Center, Lewiston
C.A. Dean Memorial Hospital, Greenville
Down East Community Hospital, Machias
Eastern Maine Medical Center, Bangor
Franklin Memorial Hospital, Farmington
Houlton Regional Hospital, Houlton
Inland Hospital, Waterville
LincolnHealth, Damariscotta & Boothbay Harbor
Maine Coast Memorial Hospital, Ellsworth
MaineGeneral Medical Center, Augusta & Waterville
Maine Medical Center, Portland
Mayo Regional Hospital, Dover-Foxcroft
Mercy Hospital, Portland
Mid Coast Hospital, Brunswick
Millinocket Regional Hospital, Millinocket
Mount Desert Island Hospital, Bar Harbor
New England Rehabilitation Hospital of Portland
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
Sebasticook Valley Health, Pittsfield
Southern Maine Health Care, Biddeford & Sanford
Spring Harbor Hospital, Westbrook
Stephens Memorial Hospital, Norway
Waldo County General Hospital, Belfast
York Hospital, York



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