

Improving Rural Healthcare Act

Part A – Physician Reimbursement

Section 1. Resolved. That the Department of Human Services shall amend Chapter 101: MaineCare Benefits Manual, Chapter III, Section 45, Hospital Services in Sections 45.01, 45.03 and 45.04 to provide reimbursement for rural hospital-based physician services at 100% of cost.

Unallocated language.

45.01 – 23A Rural Hospital is a hospital located in the rural area of Maine and includes the following hospitals:

Northern Light A.R. Gould Hospital ID# 20-0018

Cary Medical Center ID# 20-0031

Franklin Memorial Hospital ID# 20-0037

Northern Light Inland Hospital ID# 20-0041

Northern Light Maine Coast Hospital ID# 20-0050

Northern Maine Medical Center ID# 20-0052

Section 45.03 Sub F. is amended as follows:

For non-rural hospitals MaineCare will reimburse

**93.3 % of its share of inpatient hospital based physician costs*

**93.4% of its share of outpatient emergency room physician costs and*

**83.8% of non-emergency room outpatient hospital based physician costs.*

For rural hospitals MaineCare will reimburse its share of inpatient hospital based physician, outpatient emergency room hospital based physician, outpatient non-emergency room hospital based physician and graduate medical education costs. For rural hospitals MaineCare's share of all hospital based physician costs is reimbursed at 100% of cost.

Hospitals will be reimbursed based on claim forms filed with the Department. The billing procedure is described in Chapter II, Section 45. These payments are subject to cost settlement.

Section 45.04 E. is amended as follows:

E. Other Components

MaineCare will reimburse its share of inpatient hospital-based physician, outpatient emergency room hospital based physicians, non-emergency room outpatient hospital based physician costs and all graduate medical education costs. MaineCare's share of ~~emergency room~~ all hospital based physician costs is reimbursed at 100% of cost.

~~Effective July 1, 2009, MaineCare will reimburse 93.3% of its share of inpatient hospital based physician, 93.4% of its share of outpatient emergency room hospital based physician, and 83.8% of outpatient non-emergency room hospital based physician costs.~~

Part B – Rural Health Clinics

Section 1. Resolved. That the Department of Human Services shall amend Chapter 101: MaineCare Benefits Manual, Chapter II, Section 103, Rural Health Clinic Services in Section 103.07.2, to rebase reimbursements.

Unallocated language.

103.07.2 PPS Reimbursement Methodology

A. Initial PPS Rates and Annual Adjustments

~~Effective January 1, 2001, July 1, 2019, Rural Health Clinics will be reimbursed on the basis of 100% of the average of their reasonable costs of providing MaineCare-covered services during calendar years 1999 2016 and 2000, 2017, adjusted to take into account any increase or decrease in the approved scope of services furnished during the provider's fiscal year 2001 2019 (calculating the amount of payment on a per visit basis).~~

~~At the start of each subsequent year, beginning in CY 2002, 2020 each RHC is entitled to the payment amount (on a per visit basis) to which the clinic was entitled under the Act in the previous fiscal year, inflated by the percentage increase in the Medicare Economic Index (MEI) for primary care services, and adjusted to take into account any increase or decrease for a MaineCare approved "change in scope of services."~~

Part C – Medical Debt Reimbursement

Sec. 1. 36 MRSA 36 MRSA §5122, sub-§2, ¶PP is enacted to read:

§5122(2)(PP) Healthcare Loan Forgiveness Deduction

PP. To the extent included in federal adjusted gross income, student loan payments made by the taxpayer's employer directly to a lender on behalf of a qualified healthcare employee.

As used in this section, "qualified healthcare employee" means a person licensed under Title 32, chapter 31, subchapter 3 or subchapter 4; Title 32, chapter 36, subchapter 4; or Title 32, chapter 48, subchapter 2 and who, on or after January 1, 2019 who is employed by a Maine hospital.

Summary

Part A.

Part A increases MaineCare reimbursement for rural hospital-employed physicians. Currently, MaineCare reimburses hospital-employed physicians below cost. Rural hospitals include 16 Critical Access Hospitals (CAHs) and 6 PPS hospitals who qualify for Medicare benefits provided to smaller, rural hospitals.

Part B.

Part B re-bases the reimbursement for Rural Health Clinics (RHCs). RHCs were created by the 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 an all-inclusive rate (AIR) 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.

Part C.

When a healthcare employer provides loan forgiveness to an employee, Maine's tax code counts that forgiveness as taxable compensation to the healthcare employee. This bill exempts that forgiveness amount from the employee's taxable income for nurses and physicians. This statute is modeled on the existing program for undergraduate loan payments in Sub-section FF.