Hospital Issues For State Office Candidates

2016

A publication
of the Maine Hospital
Association

September 1, 2016

Dear Candidate for State Office,

On behalf of Maine's hospitals, the Maine Hospital Association (MHA) is pleased to provide you with this year's edition of *Hospital Issues for State Candidates*. We hope you find the information in the document useful as you campaign for state office.

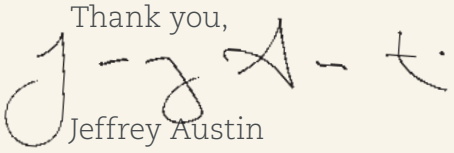
Maine Hospital Association represents all 36 hospitals in Maine and advocates for hospitals on state issues before the Maine Legislature and state agencies.

MHA does not endorse candidates, issue questionnaires or score-cards. We are sending you this publication so that you can have a sense of the issues and concerns of Maine's hospitals.

We applaud you on your willingness to run for state office. It is a challenging job and can often seem thankless. But, it is also an extremely important job as you will decide policy matters, including healthcare related issues, for the state.

Thank you for accepting this document and we hope it is useful to you. I'm happy to speak with you anytime about the issues raised in this publication or on other hospital matters.

Thank you,



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Vice President of Government Affairs and Communications

What's Inside

Hospitals Need Assistance

Maine's hospital leaders look forward to working with Maine's future policymakers on healthcare issues.

For the past three election cycles, the same forces have been dominating the healthcare landscape:

- Government Payers are Broke—and are Shifting Risk to Providers;
- Private Payers are Disappearing—Shifting Risk to Consumers;
- Poor Lifestyle Choices are Costing More; and
- Payers are Demanding Value and are Learning How to Do it Effectively.

Two years ago we highlighted how hospitals worked with the Department of Health and Human Services (DHHS) to target high users of hospital emergency departments.

The MaineCare recipients who most frequently used the Emergency Department were identified and hospitals helped devise interventions that helped improve the care of these individuals and thereby prevented unnecessary trips to the Emergency Department.

Often, the underlying reason for the frequent ED use was not directly medical, but social. By working as a

team, hospitals, DHHS and other community groups were able to get these folks the support they needed in the right setting rather than the hospital Emergency Department.

DHHS estimates that MaineCare has saved over $9 million from this effort since its inception.

To be clear, this effort did not save hospitals money. In fact, it cost hospitals money by having to devote unreimbursed resources to finding the right community solution for the patient.

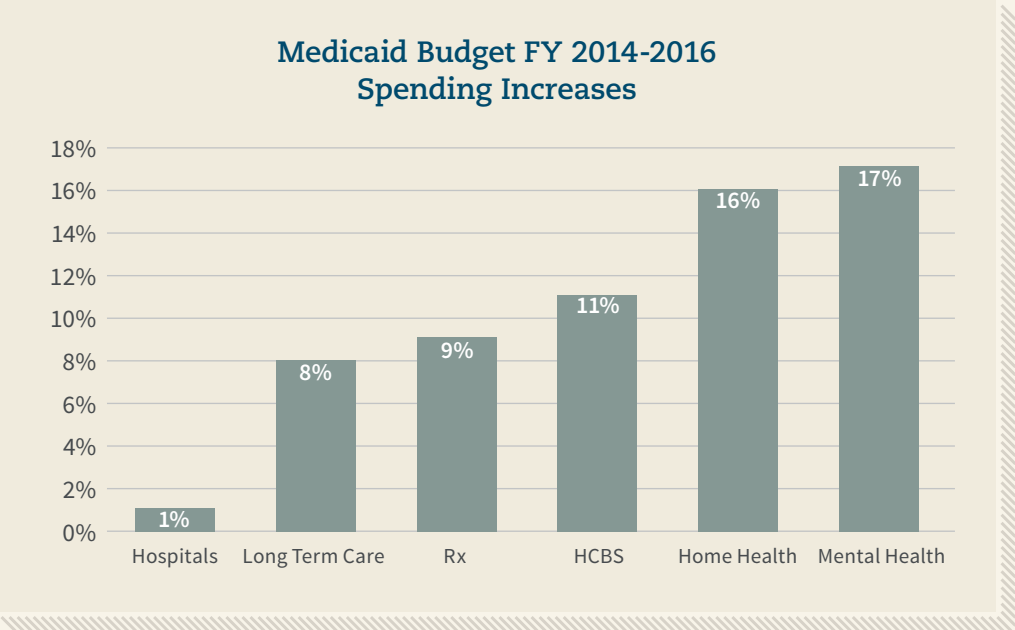
Hospitals spent their resources to help get the patient better care and to help the state save money.

What was the response of the Legislature to this effort last session? The state cut Medicaid reimbursement rates for hospital Emergency Departments in 2015. There was no reward for the hospital efforts to help DHHS save money.

Instead, the state cut hospital funding in order to divert MaineCare resources to other efforts.

In fact, since the last time we updated this publication, the Medicaid program has extended help to almost all other providers except hospitals.

It's time for the Legislature to increase reimbursement to Maine's hospitals. Increasing spending is never easy. But, we know that working together, you will be able to help hospitals as you've helped other providers.



About MHA

The Maine Hospital Association represents all 36 community-governed hospitals in Maine. Formed in 1937, the Augusta-based non-profit 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 of Maine's citizens.

Mission Statement

To provide leadership through advocacy, information and education, to support its members in fulfilling their mission to improve the health of their patients and communities they serve.

Maine Healthcare is the Best in the Country (Again!)

The top priority for Maine hospitals is to provide high-quality care, which, according to the federal government agency charged with improving the quality of healthcare nationwide, means "doing the right thing for the right patient, at the right time, in the right way to achieve the best possible results."

According to the most recent analysis available from the federal government's Agency for Healthcare Research and Quality (AHRQ), Maine healthcare is the best in the nation.

Maine is ranked first in the nation for the quality of its healthcare system across all measures.

The AHRQ analysis includes quality measures for acute care, chronic care, prevention and safety—all of the types of healthcare services provided by your local hospital and its employed physicians, nurses, therapists and other front-line staff.

In October 2015, the Leapfrog Group released its Hospital Safety Scores. For the fourth time in a row, Maine hospitals had the highest percentage of A's in the country, with nearly 69 percent of Maine hospitals earning A's. In December 2015, six of the 24 hospitals that the Leapfrog Group named as Top Rural Hospitals in the country were Maine hospitals. Also in 2015, Maine had the third highest rate of hospitals recognized for outstanding performance by the Joint Commission, according to that organization's annual report. Maine was number 1 in prevention/treatment in America's Health Rankings Annual Report and 15th overall.

In 2015, Maine was one of only five states that scored 8 out of 10 on key indicators related to preventing, detecting, diagnosing and responding to outbreaks, according to a new report from Trust for America's Health and the Robert Wood Johnson Foundation.

Although they are already leaders in providing high-quality healthcare, Maine's hospitals still strive to improve. MHA recently applied to join CMS' Hospital Improvement and Innovation Network, a national effort to reduce all-cause harm by 20 percent and avoidable readmissions by 12 percent. We look forward to partnering with our member hospitals on this important work.

We believe the Legislature plays an important role in promoting quality healthcare and we want to work with you toward that end.

Experience of Care. Hospitals know that quality is not just about how to treat the illness, it's also about how to treat the patient.

The Center for Medicare and Medicaid Services Hospital Compare provides the national standard for measuring the patient's own assessment of the experience of their care. Hospitals are required to use a standard survey that asks patients about their experiences during a recent hospital stay. The questions are about different facets of patient experience, such as how well doctors and nurses communicated, how well patients believed their pain was addressed, and whether they would recommend the hospital to others.

Maine has consistently been a top performer nationally since CMS began collecting and reporting this data in 2008.

How is quality measured?

There are essentially two kinds of quality metrics, those that measure processes of care and those that measure outcomes.

A process metric will compare a hospital's performance to an accepted best practice. For example, how often a hospital provides an aspirin within one-hour of a patient's heart attack.

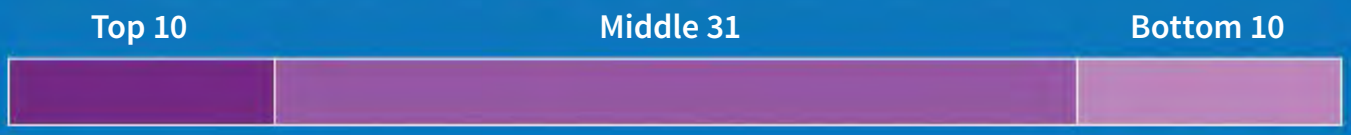
An outcome measure will generally look at the prevalence of a condition or circumstance. For example, how many patients are readmitted to the hospital for heart-related problems within 30 days of being discharged following treatment for a heart attack.

HEALTH CARE QUALITY: HOW DOES YOUR STATE COMPARE?

AHRQ State Snapshots

The quality of health care varies widely across the nation. State Snapshots, an interactive tool from the Agency for Healthcare Research and Quality (AHRQ), uses more than 200 statistical measures to offer state-by-state summaries of health care quality. The tool, based on AHRQ's 2014 National Healthcare Quality and Disparities Report, analyses quality in three dimensions: type of care (such as preventive or chronic), setting of care (such as nursing homes or hospitals), and clinical areas (such as care for patients with cancer or diabetes.

Comparison of the 50 States and the District of Columbia Across All Health Care Quality Measures



Top 10	Middle 31			Bottom 10
Delaware	Alabama	Illinois	North Carolina	Arkansas
New Hampshire	Alaska	Indiana	North Dakota	District of Columbia
Iowa	Arizona	Kansas	Ohio	Kentucky
Maine	California	Maryland	Oregon	Louisiana
Massachusetts	Colorado	Michigan	Pennsylvania	Mississippi
Minnesota	Connecticut	Missouri	South Carolina	Nevada
Rhode Island	Florida	Montana	Tennessee	New Mexico
South Dakota	Georgia	Nebraska	Utah	Oklahoma
Vermont	Hawaii	New Jersey	Virginia	Texas
Wisconsin	Idaho	New York	Washington	West Virginia
			Wyoming	

For more information, go to http://nhqrnet.ahrq.gov/inhqrdr/state/select.

Hospitals are an Important Part of the Local Community

Maine's 36 community hospitals not only provide a vital local service, they provide good local jobs. In 15 of 16 counties, a hospital is among the four largest local employers. (Sagadahoc County does not host a community hospital.)

Hospital leaders understand that healthcare costs are a concern for most people. However, healthcare is a necessary service that can't realistically be outsourced overseas. The contributions of hospitals to local economies should not be overlooked.

According to the American Hospital Association, Maine hospitals employ more than 35,600 people, most of whom work full time and receive benefits. The total hospital payroll is over $2.5 billion annually. The doctors, nurses, administrators, technicians, drivers and maintenance workers who have these jobs buy homes and cars, eat in local restaurants and shop at local stores. They also pay state and local taxes.

A Maine hospital is the largest employer in 8 of Maine's counties.

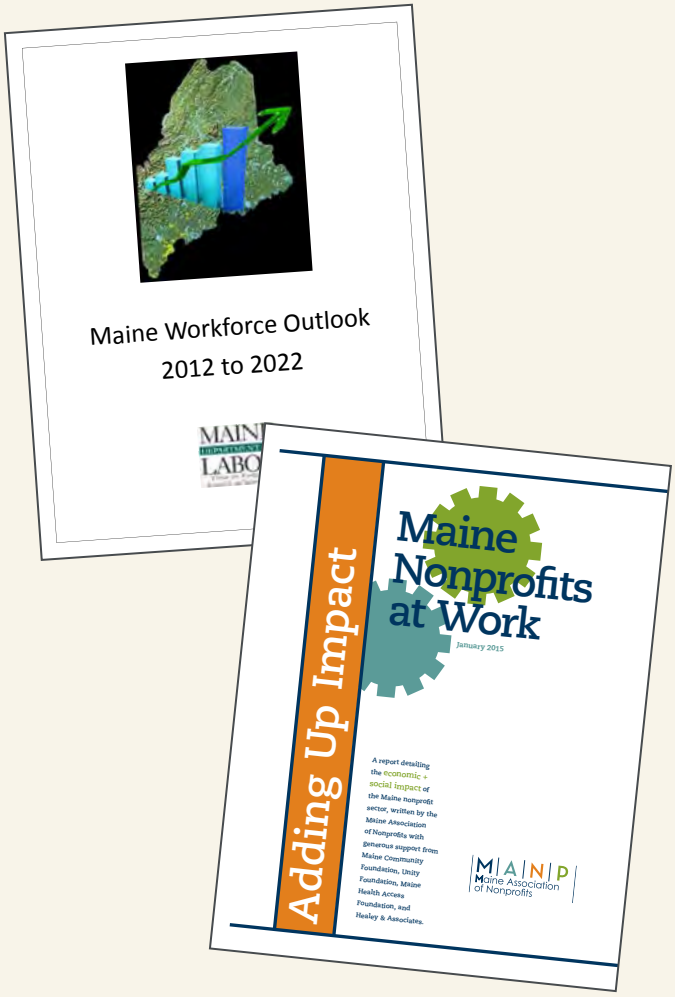
According to the American Hospital Association, each hospital job supports about one more job outside the hospital and every dollar spent by a hospital supports roughly $1 of additional business activity.

"Hospitals are vital economic engines. Although they represent only 2% of the 2,539 reporting public charities, hospitals are responsible for 54% of the sector's $10 billion impact on the Maine economy," according to the Maine Association of Non-Profits.

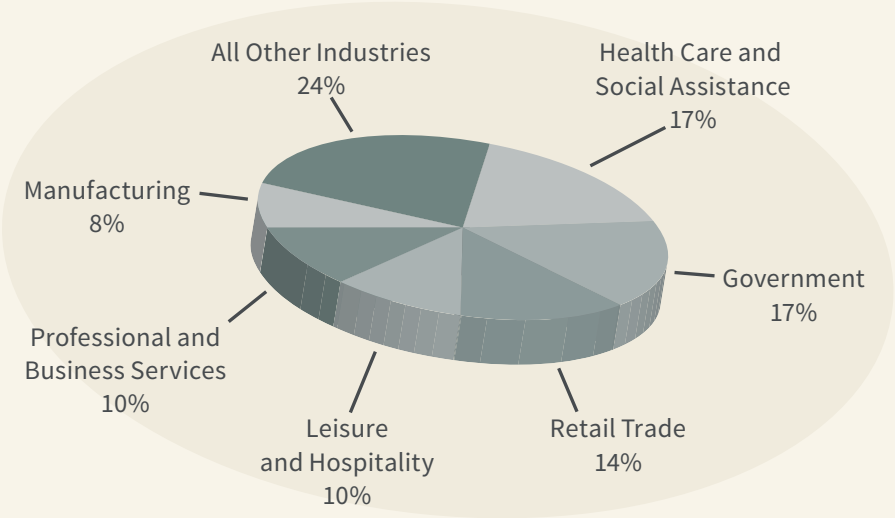
Community Benefits. In addition to the economic impact that hospitals can have as large employers, hospitals provide innumerable other community benefits.

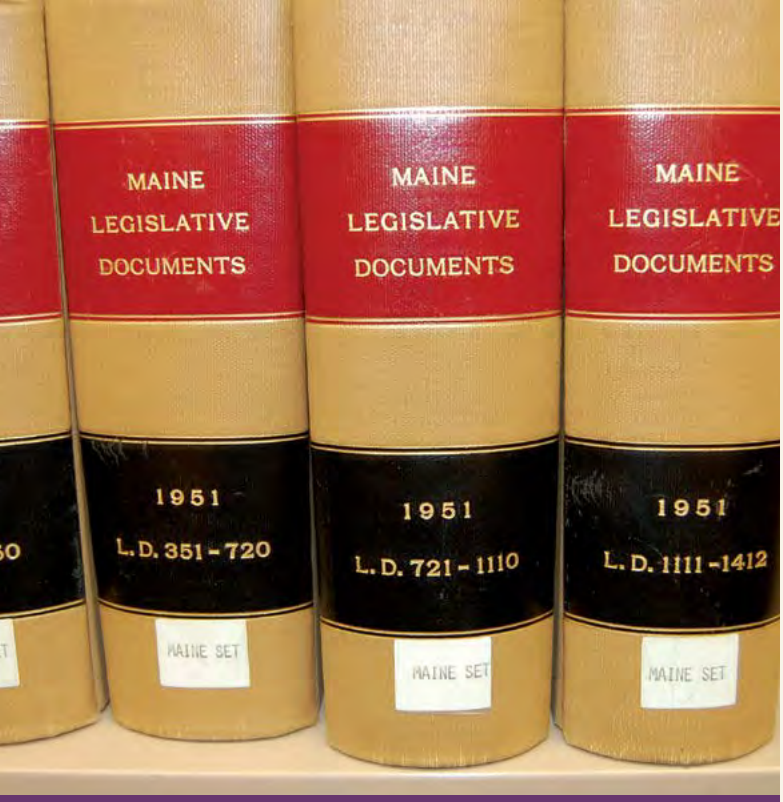
For example, hospitals conduct comprehensive community health needs assessments and then develop the programs necessary to meet those needs. Hospitals are also the local source for flu shots, health screenings, professional and community education and charity care. In aggregate, these hospital investments not only improve the health of Maine people, but also provide extensive additional economic benefit to the local community in which these services occur.

Hospitals are proud members of the local economy in Maine.



Share of Jobs by Sector





Cost Shifting

Medicaid is not the only payer that does not fully cover its costs. Neither does Medicare. Also, most uninsured patients pay very little toward their cost of care.

Accordingly, those covered by commercial insurance have to pay more than their share to cover the losses caused by others in the system.

Medicaid Continues to Undercompensate Hospitals

The Maine Legislature is responsible for setting the state's Medicaid (known as MaineCare) budget each year. Although the federal government covers a majority of the cost of the program, it is the state government that determines reimbursement amounts within federal guidelines.

Medicaid Undercompensates Hospitals. Medicaid does not fully compensate hospitals and doctors for the cost of providing care to Maine's Medicaid population.

Hospitals are compensated differently based upon their organization. Payment systems for inpatient and outpatient services are structured differently. That said, Medicaid provides 75 cents in reimbursement for each dollar of care provided in the aggregate.

Recent Legislative History. In 2011, the 125th Legislature reformed the reimbursement system for hospitals by converting to the same system that Medicare uses.

These changes finally ended the decade-old legislative practice of intentionally underpaying hospitals and accumulating hospital debt that would require settlements at some future date.

Maine hospitals receive approximately 75 cents in reimbursement for each dollar of care provided to Medicaid patients.

The 126th Legislature then completed the reform effort by paying the $500 million in outstanding debt that was owed to Maine hospitals. MHA and its member hospitals are very grateful to Governor LePage and the 126th Legislature for finally settling the outstanding hospital debt.

To be clear though, reform of the payment system and payment of the hospital debt did not affect the issue of Medicaid undercompensating hospitals. Hospitals were not "made whole" and do not receive 100% of their costs as a result of the payment of the debt.

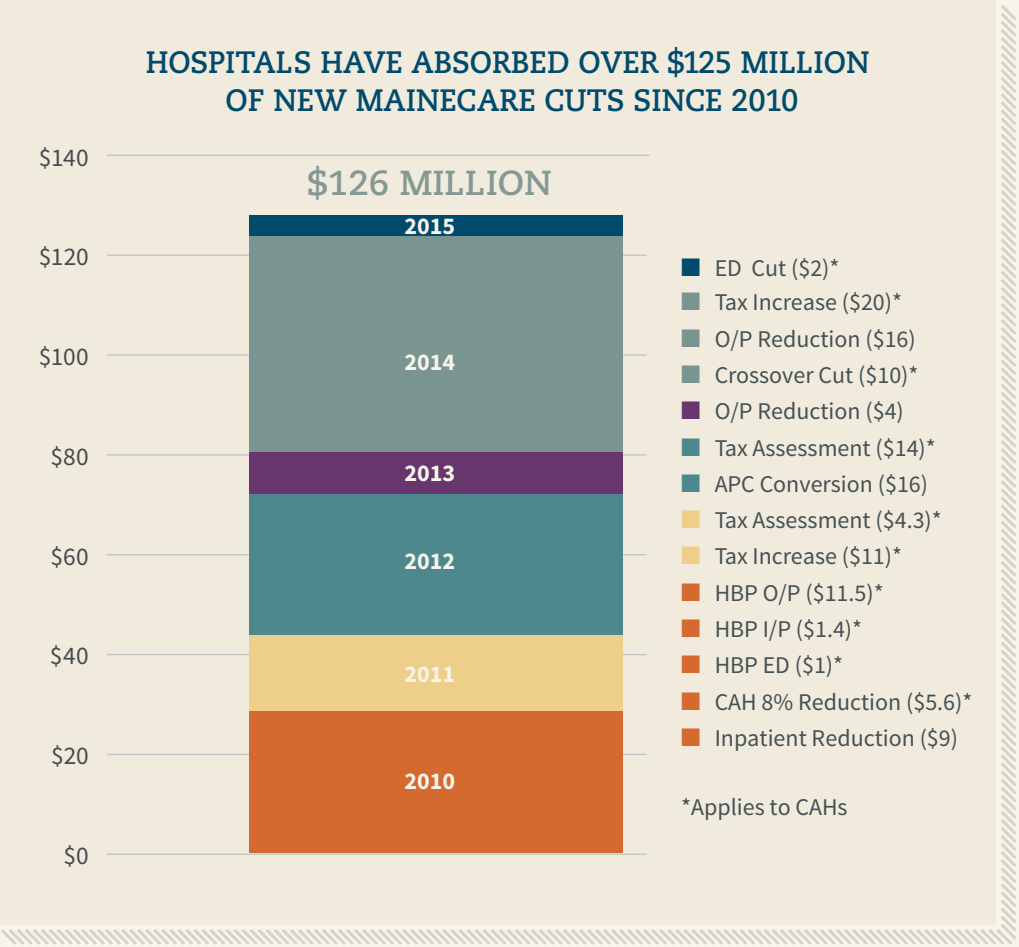
Like other providers in Medicaid, hospitals continue to experience losses because Medicaid reimbursement is below the actual cost of providing care to Medicaid patients.

The 126th Legislature also cut hospital outpatient reimbursement rates by 10%. These cuts have never been restored.

As mentioned earlier, the 127th Legislature cut hospital reimbursement for Emergency Department services. Those cuts were not restored.

The state needs to commit to increasing reimbursement rates to hospitals for the first time in more than a decade.

Hospital reimbursement rates have not changed in over a decade, it's time for this to be fixed.



Hospitals are Working to Address the Cost Challenge for All Patients

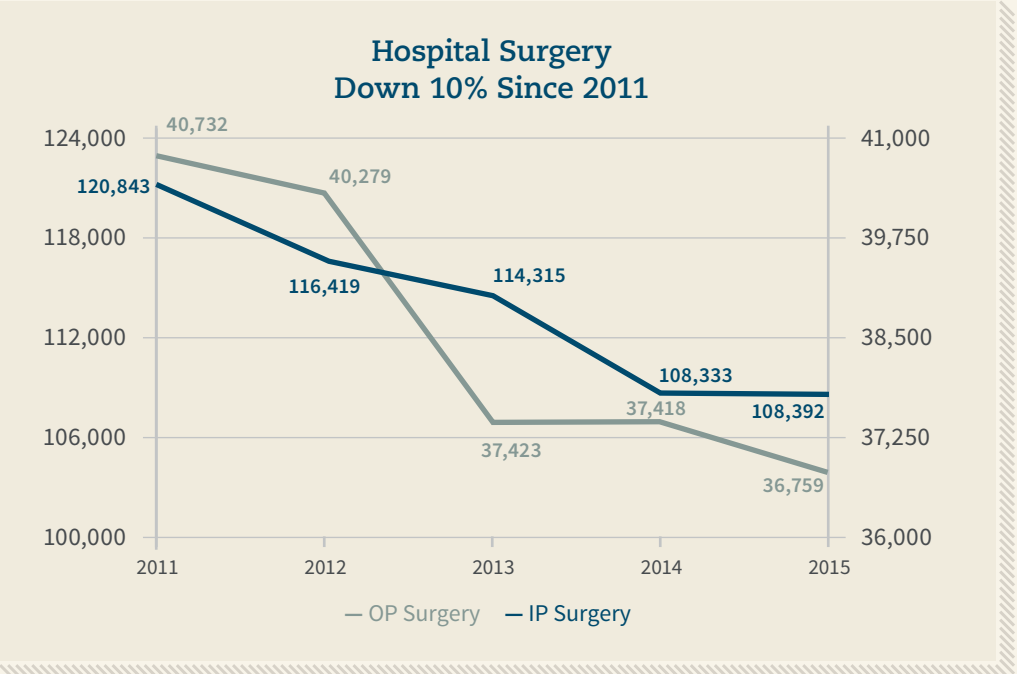
Maine has many cost drivers: remote geography, oldest population, high rates of chronic disease, high rate of insurance coverage, hospital taxes and high energy costs. Accordingly, taking on the cost challenge is vitally important.

Healthcare costs have been growing more slowly over the past few years than at any recent time in memory. This doesn't mean that consumers are reaping the benefits. Recent research in the *Journal of the American Medical Association* demonstrates that out-of-pocket costs are growing at more than 6% even though total costs are growing at less than 3%. This is the result of employers and insurance companies shifting more burden on to consumers through high deductibles and co-pays.

In fact, surgeries have fallen in Maine for all patients over the past five years. A weak economy and high-deductible health plans have contributed to the decline in consumption of healthcare recently.

However, a very important reason for the slowdown in healthcare spending, across all payers, is the aggressive efforts hospitals have been taking to provide more preventative services, which thereby reduce surgeries—one of the more expensive kinds of healthcare.

Despite the negative consequence for their financial health, hospitals have been implementing best practices that help keep people healthy and reduce the need for more expensive interventions like surgery.



Total Medicaid Budget Continues to be Remarkably Stable

Over the past seven years, the overall level of spending in Medicaid has been stable. This is remarkable because of both Medicaid's nature as an entitlement program and because of the way the Medicaid budget has been crafted historically.

Entitlement. Medicaid provides a variety of services from hospital care to nursing home care. If a person qualifies for Medicaid, then he or she is entitled to receive the covered services needed. It is the only significant entitlement program administered by the state.

Booking Savings. One of the more notable changes over the past few years is in the budgeting process. In previous years, the Legislature had typically pre-booked savings from various reform efforts within the Medicaid program in order to balance the budget.

If the reform effort succeeded, then the savings materialized and the budget was balanced. If the various reform efforts failed to achieve the budgeted savings, there is a budget gap. The Legislature is then called upon to fill the gap in later years.

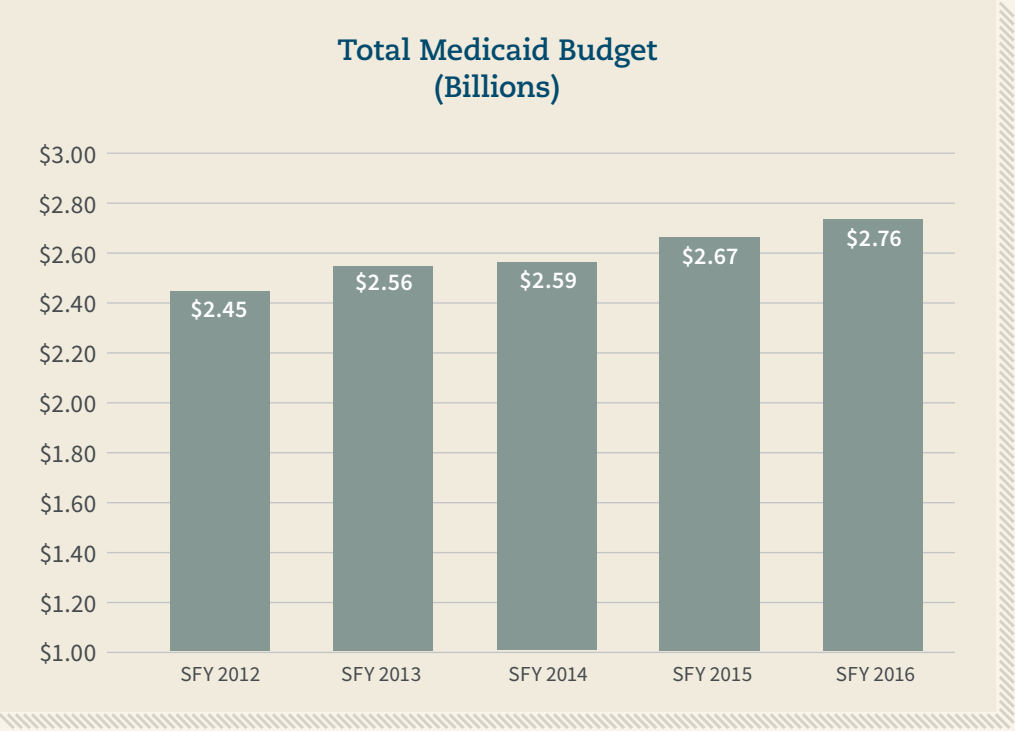
For these reasons, the Medicaid budget process had been less stable and subject to more revisions (in supplemental budgets) than are the budgets for other programs.

Expenditures within the Medicaid program have grown at 3% per year since 2012.

However, the Administration and the Legislature have been much more cautious over the past few years about this "spend now, hope-for-savings-later" approach. Accordingly, the need for supplemental budgets in Medicaid has waned considerably.

The Medicaid budget is very big and difficult to craft because it is an entitlement. Plus, the use of tools like spending predicted savings or booking only a few months of expenditures makes frequent revisions more likely.

However, the bottom-line data demonstrate that Medicaid spending is not out of control.



Maine Hospitals Experiencing Financial Challenges

In any given year, there will be a few hospitals that are having a financial challenge. That is always the case in healthcare.

While things have improved slightly since 2014, significant financial challenges remain.

Operating Margins. Sixteen hospitals had negative margins in 2015. Since 2012, an average of 18 hospitals have had negative operating margins.

During 2015 the aggregate margin for all hospitals in Maine was 1.1%. The reasons for this difficulty include both good news and bad news for the broader economy. For example, one of the leading reasons for lower margins is lower utilization of hospital services, particularly inpatient care.

Efforts undertaken by hospitals and others to avoid the most intensive care can both improve quality and save money for employers and insurance plans.

However, other reasons for the lower margins at hospitals include Medicaid and Medicare rate cuts. There have been tax increases at the state level and tens of millions of dollars per year in reduced Medicare reimbursement under the Affordable Care Act. Another significant contributor is Uncompensated Care. This is the combination of both free care and bad debt.

Free Care—care provided for which no payment is sought; and

Bad Debt—care for which payment is sought but not received.

A major contributor to the growth in bad debt is the recent trend of employers moving their employees into high-deductible health insurance plans. When those workers can't afford the higher deductibles, the bills go unpaid and hospital bad debt rises.

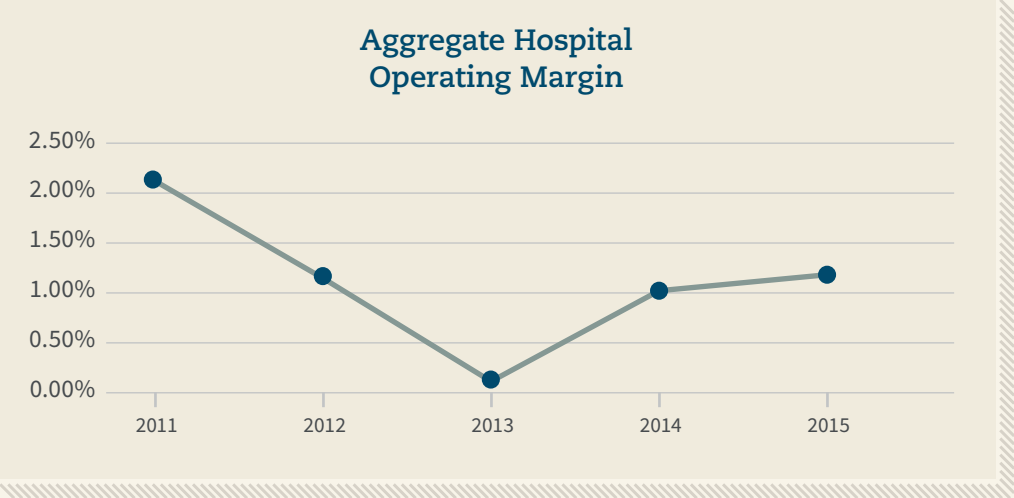
The growth in charity care has levelled off; albeit at a very high amount. In a time of such low margins, hospitals need Medicaid to finally increase reimbursement rates.

Hospitals. The total number of hospitals in Maine has declined by three since 2011.

Those three hospital facilities are still operating with a more focused purpose but are not independent hospitals.

They are:

- Goodall Hospital (Sanford),
- Parkview Adventist Medical Center (Brunswick), and
- St. Andrews Hospital (Boothbay Harbor).



Maine Should Expand Medicaid

One of the most significant issues over the past four years has been the issue of whether or not Maine should expand Medicaid consistent with the Affordable Care Act (ACA).

MHA and its members support expansion. We understand that the public and the political parties are split on this issue.

Background. The ACA, as drafted, mandated that states provide Medicaid coverage for all citizens with incomes below 138% of the federal poverty level (FPL).

The Supreme Court ruled that the federal government overstepped its authority by mandating that states expand Medicaid. So, the decision to expand or not is for state legislatures to make.

Number of Individuals Affected. Most estimates of Medicaid expansion in Maine predict that 73,000 individuals would be covered. This includes:

- 16,000 parents of children who are covered by Medicaid.
- 57,000 non-disabled, childless adults (also called non-categoricals).

One-third of the 73,000 people eligible for expansion have income below 100% of the Federal Poverty Level.

Financial Impact. As you can imagine, estimating the fiscal impact of expansion is where some of the strongest disagreements occur. That said, fiscal impacts are always difficult to project and this particular issue has many moving parts.

Also, the analysis will vary based upon the version of expansion that is on the table.

DHHS estimates Medicaid expansion would provide Maine with $500-600 million in federal funding annually.

For "newly eligible" individuals, the federal government was willing to cover 100% of the costs of coverage until the end of 2016. Maine has missed its opportunity to receive this level of benefit.

From 2017 to 2020, the rate of federal coverage gradually drops and ultimately settles at 90%. Maine would be responsible for the remaining 10%.

In the regular Medicaid program, the federal government covers approximately 62% of the costs and the state covers the balance.

In Maine, most of the 73,000 would be "newly eligible" and therefore benefit from the higher federal funding.

There are other benefits from expansion as well. Significant federal funding would flow into Maine, but only if we expand Medicaid.

Benefits. Since the majority of states have already expanded, there is a growing body of evidence that expansion provides positive impacts.

In fact, the Kaiser Family Foundation recently released a literature review of the 61 existing studies on expansion and found many benefits:

- Increases in coverage;
- Increases in access to care;
- State budget gains; and,
- Economic growth.

We ask, once again, that Maine expand Medicaid.

State Has a Challenge in Keeping Commitment to Medicaid

As explained earlier, the overall level of spending in Medicaid has not changed significantly. However, the state's share of the budget has increased dramatically.

In Fiscal Year 2009, the federal share of Medicaid spending was artificially increased as part of the American Recovery and Reinvestment Act (ARRA), the federal effort to stimulate the economy.

That extra federal assistance (peaking at $272M extra in 2010) allowed the Legislature to reduce state funding for Medicaid and redirect state dollars to other programs like education.

When the stimulus funding ended in FY 2012, state General Fund dollars had to go back into Medicaid to backfill the loss of federal funds.

The General Fund's share of the costs to fund Medicaid grew 79% from 2010 to 2014; while total program costs only grew 7%.

But, this additional state funding was not enough to offset the lost federal funding and changes harmful to hospitals were enacted as well.

As a result, state funding for Medicaid increased more than $300 million during the past four years.

Hospital Tax Increased 25%. The State uses a variety of funding sources to cover the state's share of the Medicaid program.

Most of the state funding for the Medicaid program comes from the General Fund.

But a significant portion, almost $100 million per year, is generated by the state's tax on hospitals. **The 126th Legislature increased the hospital tax by $20 million per year.**

Even though hospitals in Maine are nonprofits, the state places a tax on hospital gross revenues and uses that funding to cover the costs of Medicaid, including reimbursement for hospitals.

The Hospital Tax is deposited into the Medicaid Payment to Providers Account. This account is used to pay all medical providers of Medicaid services, including hospitals.

While this is characterized in budgetary accounting as a "State" contribution to Medicaid, it is really the hospitals that are providing a significant amount of funding for their own reimbursement in Medicaid.

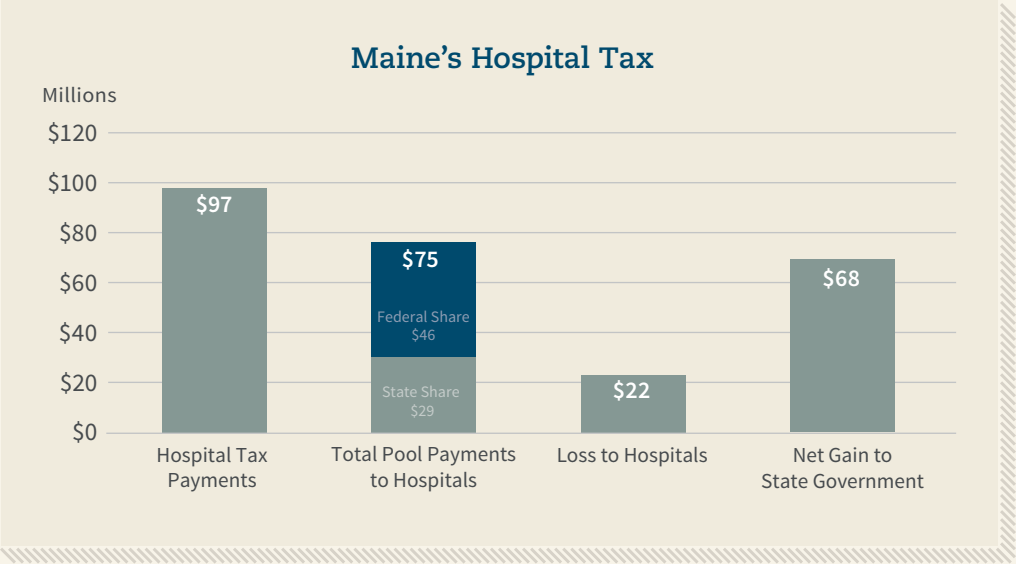
Outpatient Rates Cut 10%. The 126th Legislature also cut outpatient reimbursement rates by 10%. In a relatively flat spending environment, the 10% rate cut was very large. This is one of the largest Medicaid cuts in recent years.

Eligibility Cuts. Finally, the cuts to Medicaid eligibility enacted in the 125th Legislature ended coverage for approximately 40,000 people.

Some of these individuals may have found alternative coverage, but most are now uninsured and when they seek medical services, much of it is delivered as charity care by hospitals.

Reform Efforts. Significant increases in the hospital tax undermine the reform efforts that hospitals are trying to implement.

The combination of tax increases, rate cuts and reductions in eligibility have put a significant strain on hospitals.



Behavioral Health Is at a Crisis Point

Behavioral health is an umbrella term used to capture both mental health conditions and substance use issues.

Unfortunately, there is a high degree of correlation between these two areas. Some of those suffering with mental health conditions self-medicate with drugs and alcohol.

Rates of chronic medical health problems are higher among those with behavioral health conditions than the general population.

Because individuals with behavioral health conditions are too often unable to maintain steady employment, they are often uninsured or publicly insured through Medicaid.

Medicaid costs for those with behavioral health issues are four times higher than for Medicaid recipients without behavioral health challenges.

Mental Health. Like any other condition, mental health services can be delivered in the hospital or in an outpatient setting such as a clinic, or even at home.

DHHS operates two mental health hospitals: Dorothea Dix Psychiatric Center in Bangor and Riverview Psychiatric Center in Augusta.

The State of Maine spends more per capita on Substance Abuse and Mental Health than any other state and almost three times the national average.

Riverview is the only facility that is able to house individuals involuntarily committed by the criminal justice system. The volume of these patients, sometimes referred to as "forensic patients" has grown over the years, which puts a strain on the ability of the state to provide necessary services to the civilian population.

Patients Wait To Get In To Hospitals. Too often, an individual suffering an acute mental health crisis arrives at a hospital Emergency Department (ED) in need of inpatient psychiatric care but no psychiatric bed is available in Maine and the patient is stuck in the Emergency Department.

This is not the best setting for treatment for the patient and can be very disruptive to the hospital and other patients in the ED with medical needs.

This is an even more common occurrence with adolescents because the acute resources available for children in Maine are very thin.

There are two private psychiatric hospitals, also known as Institutes For Mental Disease, in Maine: Spring Harbor Hospital in Westbrook and Acadia Hospital in Bangor.

Spring Harbor has one of the only units in the country devoted to treating children with developmental disabilities.

Additionally, seven community hospitals have units within their facilities devoted to mental health. These units form the backbone of the state's mental health system.

Patients Wait To Get Out. At any one time there are approximately 100-150 patients in hospitals who don't need to be there.

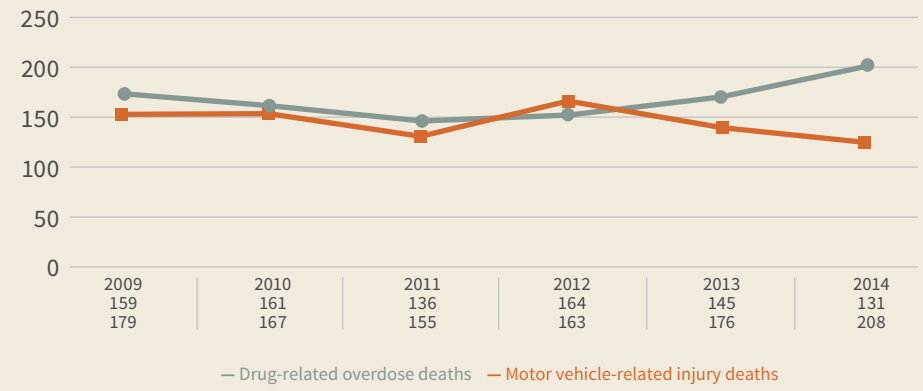
The patient is medically cleared for discharge, but there is no facility willing or able to accept the person.

Often, the patient is elderly and needs to be in a nursing home or other long-term care setting. However, due to difficult behavioral challenges, no nursing home will accept the patient.

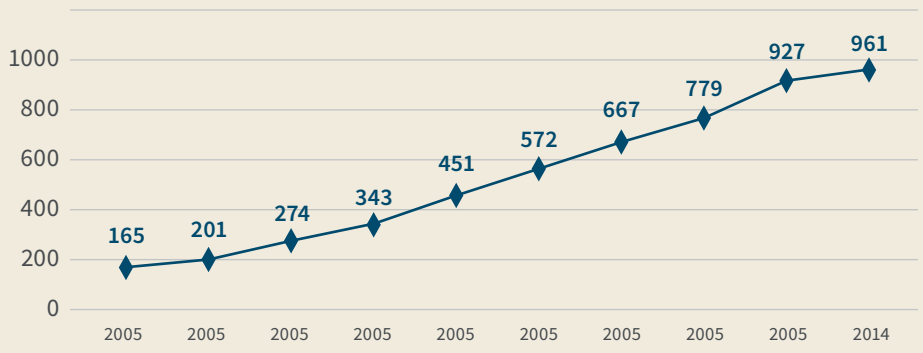
Other patients are stuck because their medical condition is too much of a challenge. Hospitals must provide these individuals with weeks or even months of uncompensated care. The state must do more to help these individuals, most of whom are on Medicaid.

Substance Use Disorder. It should come as a surprise to no one running for the Legislature that Maine people and communities are suffering from substance addiction. No matter what efforts are made, solutions seem to escape us. For several years, Maine had an exceptionally high rate of prescription drug abuse, particularly of opiates (e.g. Vicodin, OxyContin). After a targeted effort at this problem, including changing the prescribing practices of medical care givers, the rate of prescription drug abuse in Maine has waned. Unfortunately, the abuse of other substances, like heroin, have risen in turn.

Taking on behavioral health issues is difficult and the rights of those suffering from mental illness and substance abuse must be respected. Yet, the safety of the public and that of the healthcare workforce should not be sacrificed. Resources must be devoted to helping those who suffer from substance use disorder get back on their feet.



In 2014, there were **208 drug-related** overdose deaths compared to **131 motor vehicle-related** deaths.



In 2014, there were a total of **961** reports of **drug-affected baby notifications**.

From 2005 to 2014, the number of drug-affected baby notification increased by **480%**.

Information about hospital revenue, expenses, highest paid employees and hundreds of other data points are available in publicly reported documents.

Hospitals Provide Vital Public Services as Private Entities

Maine's hospitals provide a valuable public service. They receive payment from both the state and federal government to provide care. Maine's acute hospitals are all nonprofits.

These forces combine to obscure the fact that Maine's hospitals are private organizations. Each year, legislation is filed that is not respectful of their private status. These bills would:

- Establish in state law compensation for hospital employees;
- Require hospital board meetings to be open to the public, and
- Give the press access to internal medical documents.

These bills have historically been rejected and should continue to be rejected.

Many entities perform services and receive payment from the government. The Bath Iron Works' CEO pay is not capped in statute, the Board meetings of BIW are not open to the public and the internal files of private companies remain protected.

Maine's private hospitals should not receive fewer basic protections than other private entities.

That said, as nonprofits, there are thousands of pages of information about hospitals open to the public.

MHA asks that legislators continue to resist inappropriate intrusions into Maine's private hospitals.

Tax Exemption. Additionally, the tax exemptions historically received by nonprofits, including hospitals, must be preserved.

Hospitals are very grateful to their municipal hosts for the valuable services they provide.

The clear justification for the hospital tax exemption is that hospitals provide a public service. Medical care, particularly emergency care and care for the needy, would have to be provided by the government if private hospitals weren't there.

Hospitals subsidize Medicaid and public health (charity care) by as much as $280 million per year.

Nationally, 20% of hospitals are run by the government; in Maine, only two are quasi-municipal entities.

Furthermore, the government views medical care as a public function through the appropriation of significant funding for Medicaid (and Medicare). If the financing of healthcare is a legitimate public goal, the provision of that care must be as well.

Maine's hospitals subsidize the public programs, which are underfunded.

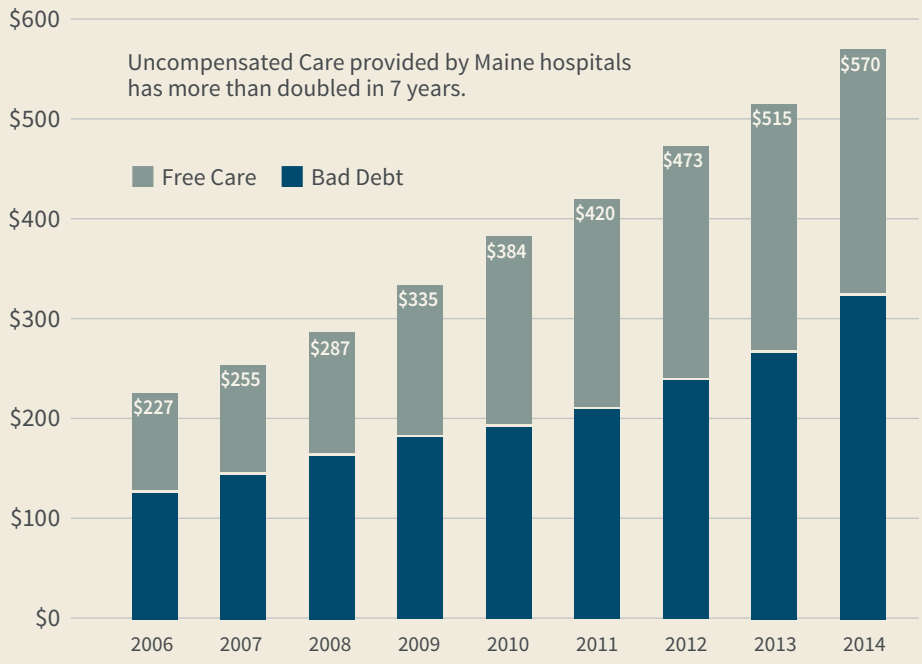
In many communities, it is the hospital or health system that helps subsidize ambulance services, which many view as a government service.

When the police are called to deal with people on the street who are violent because they are under the influence of drugs or because they suffer behavioral health problems, the police often bring the person to a hospital for custody.

Maine has a much thinner local public health infrastructure than exists in other states. Hospitals help fill that gap.

Hospitals have earned their tax exemption and we hope our partners in government continue to support our mission.

Maine's Hospitals' Uncompensated Care



Source: Hospital Audited Financial Statements
Prepared by Maine Hospital Association, April 2015

Maine's Hospitals

Hospitals are open 24 hours per day, 365 days per year. They provide care to all patients, regardless of their ability to pay.

As of January 1, 2016 there are 36 hospitals statewide. This is a reduction from 39 over the past few years.

All of the general hospitals are nonprofit (two are government affiliated). Maine's hospitals are governed by more than 500 trustees statewide.

Hospitals Ensure Access To An Entire Spectrum of Care. Today, hospitals oversee 11 home health agencies, 18 skilled nursing facilities, 19 nursing facilities, 12 residential care facilities, and more than 300 physician practices. In fact, half of all physicians now work for hospitals; many of whom would no longer be in practice without this option. Maine needs hospitals to provide access to care.

In many parts of Maine, the hospital and its related facilities are the only real healthcare option for residents. Half of Maine residents live in non-urban areas; nationally that figure is a mere 15%.

Delivering healthcare in rural areas is a challenge. If independent providers are unavailable, which is often the case in rural areas, Maine hospitals are there to provide care to everyone.

Hospitals subsidize many services not historically associated with hospitals, including primary care practices, nursing homes and behavioral health clinics to help expand access to care. These services would not exist in many Maine communities without the backing of the local hospital.

Total Beds in Maine Today— 3,602
Total Beds in Maine 1980—5,075

Inpatient Surgeries per year— 36,759
Outpatient Surgeries per year— 108,392

ER Visits—613,503
Births—12,145

Beds per square mile in Maine—10
National average beds per square mile—21

Conclusion

Thank you for accepting this open letter from the Maine Hospital Association.

MHA is non-partisan and does not endorse candidates for office. We are not asking that you fill out a questionnaire or take a pledge. We simply ask that you review the information in this document as you seek to shape public policy in Maine.

Maine hospitals are proud of the fact that they provide some of the best quality care in the country. Providing high-quality care, with both competence and compassion, is the primary mission of Maine hospitals. Hospitals are committed to continual improvement.

Hospital care has evolved to the point where keeping people out of hospitals is as central to their mission as is taking care of those in hospitals. Our members are doing more and more in the areas of primary care, care management and general public health in order to prevent the need for expensive procedures and hospitalizations. The transformation of hospitals from intensive care facilities to parts of integrated healthcare networks is ongoing. No matter what changes the healthcare landscape may bring, hospitals are committed to keeping the focus on patient care.

Maine citizens understand that hospitals are there 24 hours a day, 365 days a year and are ready to provide the care they need when needed. In a rural New England state, it can be a challenge to provide care where it is needed. To keep people out of the Emergency Room or to reduce hospitalizations, people need access to primary care and other preventative services.

Hospitals provide more primary care than any other group or organization in Maine. Maine hospitals will continue to lead the effort to ensure that all Mainers continue to have access to high-quality care at the right time, in the right setting.

The healthcare policy challenges facing the Governor and 128th Legislature are not getting easier.

We look forward to working with you and we thank you for your willingness to review this information.

Thank you

To all of you running for office, thank you. Public service in the Legislature is an arduous task. Maine asks a great deal of citizen legislators and often it seems as if the only reward is criticism.

Thank you also for taking the time to read this material. If you have questions or would like to discuss this information, please feel free to contact the Maine Hospital Association and in particular, Jeffrey Austin, the Vice President for Government Affairs and Communications.

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MHA Member Hospitals

General Hospitals

The Aroostook Medical Center—Presque Isle
Cary Medical Center—Caribou
Central Maine Medical Center—Lewiston
Eastern Maine Medical Center—Bangor
Franklin Memorial Hospital—Farmington
Inland Hospital—Waterville
Maine Coast Memorial Hospital—Ellsworth
MaineGeneral Medical Center—Augusta and Waterville
Maine Medical Center—Portland
Mercy Hospital—Portland
Mid Coast Hospital—Brunswick
Northern Maine Medical Center—Fort Kent
Pen Bay Medical Center—Rockport
St. Joseph Hospital—Bangor
St. Mary's Regional Medical Center—Lewiston
Southern Maine Health Care—Biddeford and Sanford
York Hospital—York

Critical Access Hospitals

Blue Hill Memorial Hospital—Blue Hill
Bridgton Hospital—Bridgton
Calais Regional Hospital—Calais
Charles A. Dean Memorial Hospital—Greenville
Down East Community Hospital—Machias
Houlton Regional Hospital—Houlton
LincolnHealth—Damariscotta and Boothbay Harbor
Mayo Regional Hospital—Dover-Foxcroft
Millinocket Regional Hospital—Millinocket
Mount Desert Island Hospital—Bar Harbor
Penobscot Valley Hospital—Lincoln
Redington-Fairview General Hospital—Skowhegan
Rumford Hospital—Rumford
Sebasticook Valley Health—Pittsfield
Stephens Memorial Hospital—Norway
Waldo County General Hospital—Belfast

Other

Private Psychiatric Hospitals
Acadia Hospital—Bangor
Spring Harbor Hospital—Westbrook

State-Run Psychiatric Hospitals
Dorothea Dix Psychiatric Center—Bangor
Riverview Psychiatric Center—Augusta

Rehabilitation Hospitals
New England Rehabilitation Hospital—Portland

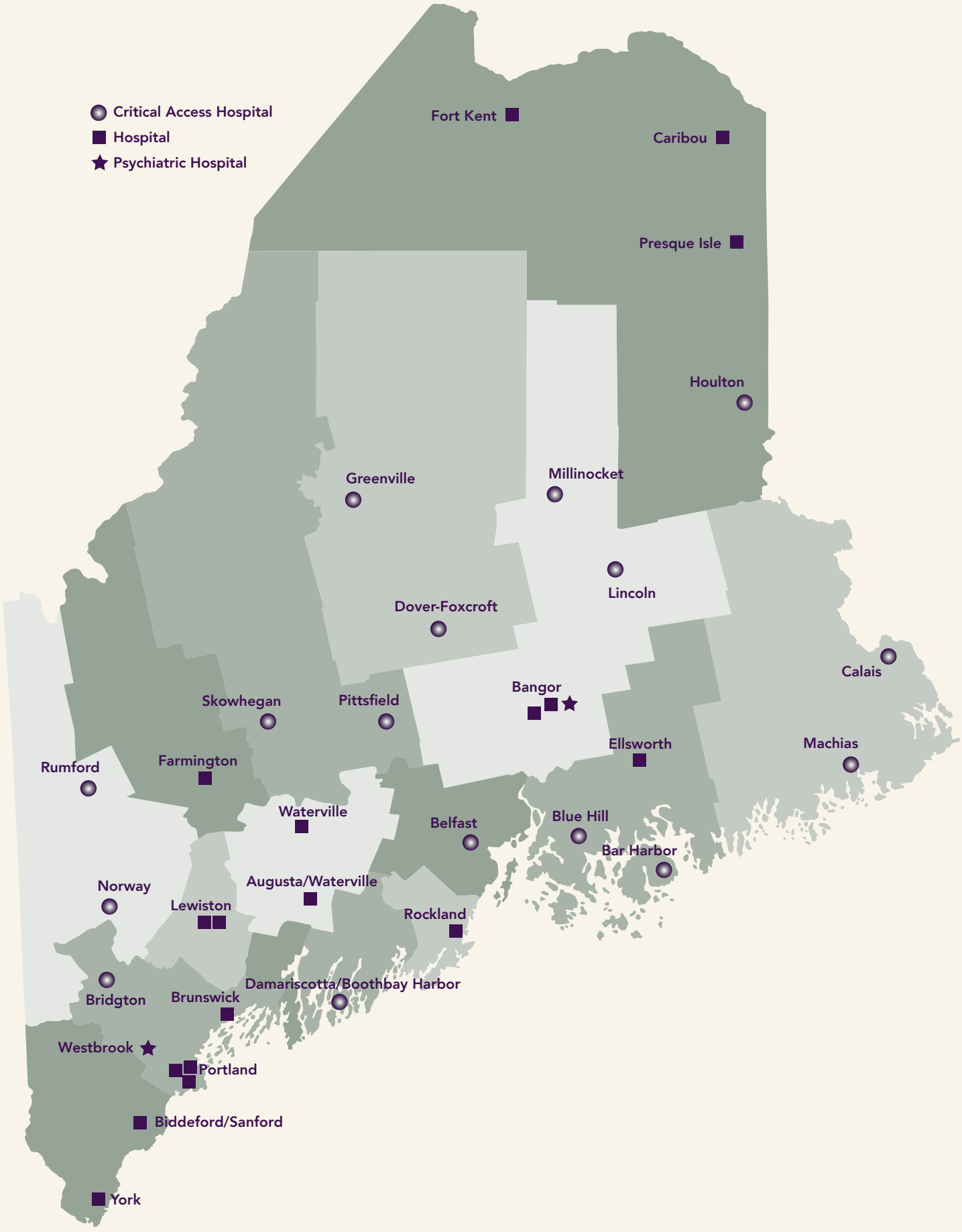
Multi-Hospital Health Systems
Central Maine Healthcare Corporation—Lewiston
Eastern Maine Healthcare Systems—Bangor
MaineGeneral Health—Augusta
MaineHealth—Portland

Types of Hospitals

- Prospective Payment System (PPS) Hospitals—17 hospitals;
- Critical Access Hospitals—16 hospitals;
- Psychiatric Hospital (Institutes of Mental Disease)—2 hospitals; and
- Acute Rehabilitation—1 hospital

Critical Access Hospitals must:

- Have no more than 25 beds;
- Cap inpatient stays at 96 hours; and
- Be in a rural or remote location.


Critical Access Hospital
Hospital
Psychiatric Hospital
Fort Kent
Caribou
Presque Isle
Houlton
Greenville
Millinocket
Lincoln
Dover-Foxcroft
Calais
Bangor
Skowhegan
Pittsfield
Ellsworth
Machias
Rumford
Farmington
Waterville
Belfast
Blue Hill
Bar Harbor
Norway
Augusta/Waterville
Lewiston
Rockland
Damariscotta/Boothbay Harbor
Bridgton
Brunswick
Westbrook
Portland
Biddeford/Sanford
York

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Mount Desert Island Hospital


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Caring for Our Communities

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