M|H|A
Maine Hospital Association

Maine Hospital Association
Federal Issues

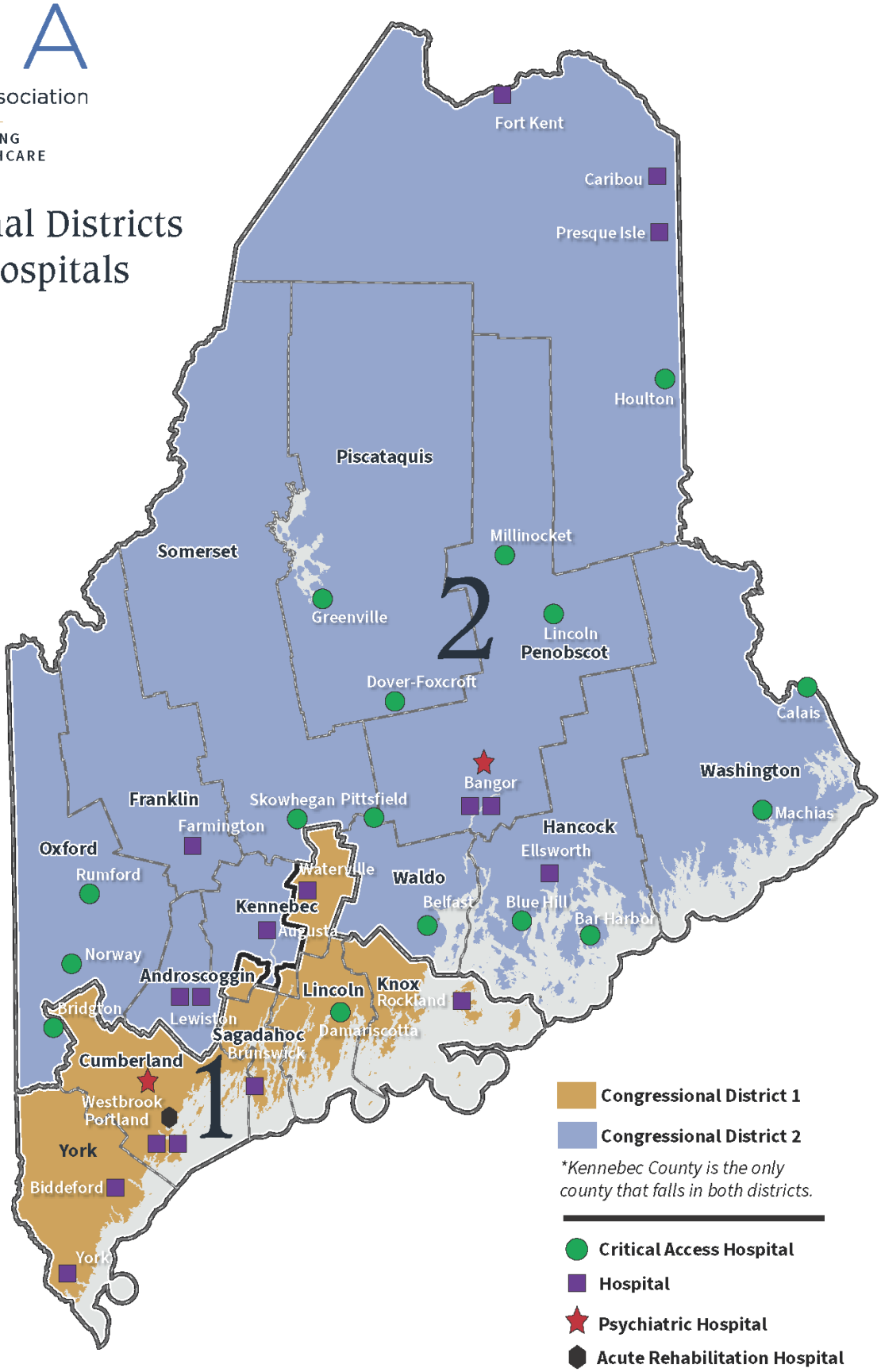
2024

MHA

Maine Hospital Association

MAINE'S LEADING VOICE FOR HEALTHCARE

Congressional Districts for Maine Hospitals



Caring for Our Communities

The Road Ahead

While some things have improved since last year, the road we're on needs work and the road ahead is a bit frightening.

Calendar year 2022 was one of the worst on record for hospitals.

Last year saw needed recovery and some improved stability.

However, rampant inflation, workforce shortages and persistent fights with carriers are keeping the ride bumpy.

But it is 2025 that is giving us a real scare. Our understanding is that the following will happen in 2025:

- Trump tax cuts sunset;
- ACA subsidies will sunset; and,
- Debt ceiling will be hit in the first quarter of 2025.

And all of this will follow a bruising presential campaign and whichever party has a majority in each body of Congress, the margin is likely to be quite narrow.

And as always, challenges across the world will persist from shootings in Lewiston to violent conflicts like in Ukraine and Israel, to seemingly uncontrollable crossings at the southern border to bridges collapsing in Baltimore harbor.

So what does that mean for 2024?

Please don't create any artificial problems for us in budget negotiations.

Leave the programs we need like 340B alone and fix the programs that are failing us, like Medicare Advantage.

Hospitals are there 24-hours per day, seven days per week. There are no holidays, weekends or days off period. Hospitals in Maine are not only keeping their doors open, but are doing everything they can to help struggling nursing homes, ambulance providers and community behavioral health services going.

Thank you for the work you do and the efforts you make on our behalf.

We look forward to seeing you during the AHA Annual Meeting.

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.

Our requests:

- **Legislate that Centers for Medicare & Medicaid Services (CMS) modify the requirements of nurse educators needing one year long-term care (LTC) experience to teach Certified Nurse Assistant (CNA) courses (CMS regulations at 42 CFR § 483.152). We request to remove the LTC requirement and keep the standard of 2 years of nursing experience.**
- **Invest in behavioral health direct care workforce development to expand behavioral health capacity at the community level.**
- **Invest in Graduate Medical Education expansion by increasing the number of resident slots eligible for Medicare funding to address physician shortage areas and entice medical students to choose primary care.**
- **Support the passing of the SAVE Act and let healthcare workers know that violence should never be a part of the job.**
- **Invest in long term care direct care workforce to care for older and disabled Mainers and ensure that patients don't languish in hospitals while awaiting placement in their community.**
- **Reimburse hospitals for care provided as a result of delayed discharges to community settings, such as assisted living facilities, long term care, skilled nursing, and behavioral health facilities.**

Despite Progress, More Work To Do

Maine hospitals reported as recently as March 2024 that overall demand for temporary staff or travelers has significantly declined over the past year, with one hospital noting that they went from 80 temporary nurses to just 8 hospital-wide in a one-year period. This reflects the hard work and investment being made by hospitals and policy makers to strengthen Maine's healthcare workforce.

However, we are far from the finish line and there remains much to do. In fact, Maine is second in the nation, behind New Hampshire, for the number of healthcare job postings per capita demonstrating the ongoing demand for workers. This demand is unlikely to cease, as Maine's aging workforce continues to approach retirement. The 2022 Maine Nurse Licensing Report underscores this fact by identifying that over one-third of nurses working in hospitals are over the age of 55, and of all licensees, approximately 4,000 (14%) are over the age of 65. These age distribution data are not unique to nursing, and while nursing continues to be a focus nationally and locally, the age of our workforce impacts all facets of care and all occupations, including Maine's direct care workers.

Our direct care workforce shortage has led to an unprecedented number of long-term care facility closures, unstaffed residential and skilled nursing beds, and limited home health capacity. As a result, Maine hospitals, on any given day, have over 300 patients who are ready for discharge and awaiting placement in another setting. Many of these patients wait weeks to months.

Delayed discharges prevent hospitals from admitting new patients who need acute care and generating needed revenue. Medicare does not compensate for patients' prolonged hospital stays. A recent AHA analysis noted that the average length of stay across all patients in hospitals increased by 19% in 2022 compared to 2019; and the average length of stay for patients being discharged from acute care hospitals to home health agencies grew 12.6% and to skilled nursing facilities by 20%. One study found the average duration for a delayed discharge was 17 days and came at a cost of more than $31,000. One Maine health system reported that, across all system's hospitals, the

cost of delayed discharges from October 2022 through March 2023 totaled $13.6 million and amounted to $63,000 per person.

Our healthcare workforce shortage, including direct care workers, has clogged our healthcare system and created a situation where patients languish in the wrong care setting and those that need acute care cannot receive it. In addition to the increased cost burden, patients and their families suffer, and health outcomes are negatively impacted, when individuals cannot access the appropriate level of care in the right setting.

Investments in strengthening our direct care workforce are needed. Strategies should include, but are not limited to, investing in programs that offer associate degrees and certifications by funding free tuition, increased broad band access, and increased remote/satellite learning capacity, while also incentivizing individuals to pursue a career in healthcare.

Maine & Medicare

Total Enrollment: 347,000

Percentage of Population On Medicare:

Maine = 26% (highest in the US)

National Average = 19%

Medicare Spending Per Enrollee:

Maine = $8,350 (44th in the US)

National Average = $11,370

Maine cost/reimbursement is 27% below the national average.

Medicare Hospital Utilization

Maine = 155 Discharges (42nd in US)

National Average = 210 (per 1,000)

Maine utilization is 26% below the national average.

Medicare Hospital Utilization

Maine = 5.69 days of care per discharge (10th most in US)

National Average = 5.3

Even though Maine's costs are lower than average, our hospitals provide more care to seniors when they need help.

Dual Eligibles (Medicare & Medicaid)

Maine = 24% (4th highest in US)

National Average = 16%

Medicare Reform Is Necessary

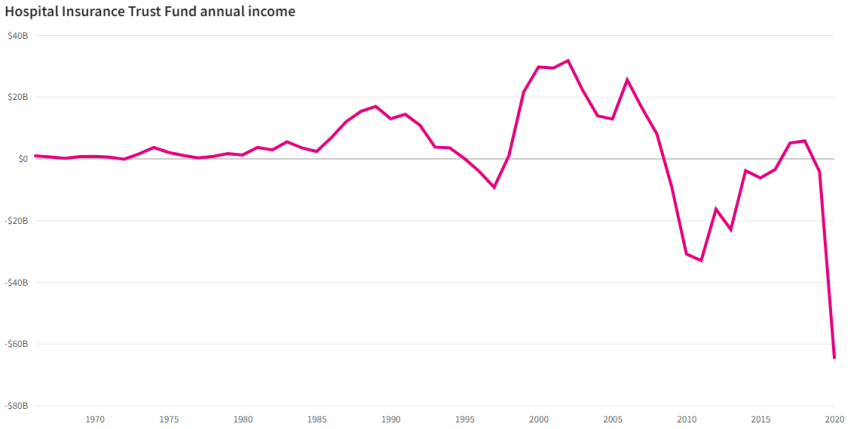
Congress must take action on the revenue side, not just the cost side, to save access to care.

Hospital benefits are governed by Medicare Part A.

Part A benefits are financed with an income tax of 2.9%.

Historically, Part A taxes have exceeded Part A spending and a surplus accumulated in the Part A Trust Fund.

The Trust Fund is due to run out of funding somewhere between 2030 and 2035. This is actually an improvement due to lower than expected spending during the pandemic and higher revenues due to inflation pushing wages higher.



The table above shows where the Trust Fund was headed prior to the pandemic. Trust Fund withdrawals did not occur in 2021 and 2022. However, they are set to resume.

Maine is the oldest state in the nation and, consequently, our hospitals are more vulnerable to cuts to Medicare reimbursement than in other states. But this is a problem everywhere in the country as more and more Baby Boomers reach retirement age.

In order to extend the life of Medicare Part A, either taxes have to increase (from 2.9% to 3.6%) or benefits have to be cut by 15%.

Saving Medicare Part A is not an attack on Seniors. It will take political courage to address this impending crisis. We need you to stay strong and lead your colleagues to a rational solution. Don't let the problem stay "off the table."

Medicare Advantage Regulation

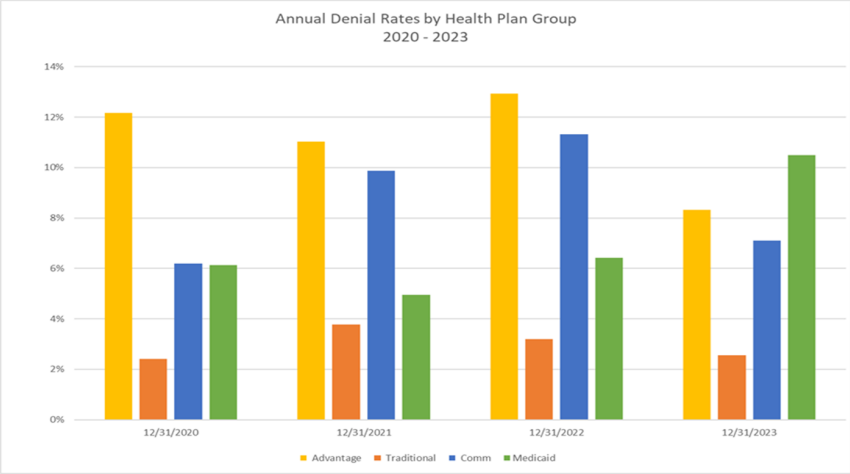
Medicare Advantage plans are not regulated by states and their Bureaus of Insurance. There are federal regulations, but there is little ability to enforce regulations at the federal level.

Last year we said that change was overdue.

Thankfully, CMS finally issued its long awaited rule regarding Medicare Advantage and prior authorization. This is a good first start. Major health systems across the country are dropping Medicare Advantage plans due to prior authorization practices and claim denials.

We just can't take it anymore.

Maine General Hospital recently released a comparison of how Medicare Advantage plan handle claims vs other carriers. Yellow is Medicare Advantage, orange is traditional Medicare. They are even more aggressive than commercial insurance (blue).



Once denial rates start to hit 10%, prior authorization is not a useful tool to review certain clinical decisions and is instead a way for carriers to simply put money in their pocket at the expense of patients who are denied access to care.

Its clear that once scrutiny of these practices began, they started to moderate their behavior.

Please understand that the job is not over, its just begun.

To see what MedPac had to say about the need for Medicare Advantage policy changes, see the sidebar.

*"A **major overhaul** of MA policies is urgently needed for several reasons.*

***First**, beneficiaries lack meaningful quality information when choosing among MA plans.*

***Second**, Medicare is paying more (22% more) for MA than for comparable beneficiaries in FFS Medicare.*

***Third**, the disparity between MA and FFS payment disadvantages beneficiaries who—for medical reasons or personal preferences—do not want to enroll in MA plans that use tools like provider networks or utilization management policies and instead want to remain in FFS (which includes care provided through alternative payment models).*

***Fourth**, the lack of information about the use and value of many MA supplemental benefits prevents meaningful oversight of the program such that we cannot ensure that enrollees are getting value from those benefits.*

***Finally**, the continued growth in MA will increasingly create challenges for benchmark setting because beneficiaries remaining in FFS may be higher risk (and thus have higher spending) in ways that risk adjustment* cannot adequately capture. "

Critical Access Hospital 96-Hour Rule

Existing Medicare regulations require that the annual average acute care length of stay at a Critical Access Hospital must be 96 hours or less.

The 96-hour average length of stay requirement was waived at the beginning of the COVID-19 public health emergency and remains waived today. The waiver ends on May 11 absent any further regulatory or Congressional action.

What's the Problem?

Maine's Critical Access Hospitals are having a very difficult time transferring acutely ill patients to the state's tertiary care centers due to lack of staffing. They are also having a hard time with long-term care and behavioral health patients stuck at those facilities. As a result, the patient often remains in the Critical Access Hospital longer than 96 hours.

What is the ask?

Congress should pass legislation to repeal the 96-hour rule in its entirety. In the event that Congress doesn't act, then the Administration should continue the waiver of the 96-hour rule in recognition that it puts Critical Access Hospitals in an untenable situation when they are unable to transfer patients to tertiary care facilities.

Hospital Financial Condition

Hospitals margins have slightly rebounded, but remain quite thin.

The depths of the pandemic financial challenges have passed.

However, any discussion of cuts to hospitals in the Medicare program, particularly **Site Neutral cuts**, are completely unwarranted.

For example, MedPAC recently released its annual report for 2024.

It is recommending a payment increase to hospitals ABOVE current law. As such, it simply makes no sense for Congress to be discussing cuts to hospitals in the form of so-called Site Neutral reductions.

Here is what it had to say about Medicare compensation for hospitals:

> *From 2021 to 2022, IPPS hospitals' **overall FFS Medicare margin** (across inpatient, outpatient, and certain other service lines) **declined over 5 percentage points to a record low of –11.6 percent, when including the FFS Medicare share of coronavirus relief funds** (and declined to –12.7 percent exclusive of these funds). This decline was largely driven by input price inflation exceeding the market basket update, as well as a decline in federal pandemic support, an increase in high-cost outlier stays, and a decrease in Medicare uncompensated care payments*

We once again want to thank you for the financial support the federal government provided during the pandemic. Without that support, hospitals in Maine might not have survived.

Our understanding is that cuts to hospitals, particularly cuts in the form of so-called "site neutral" reductions were being used as an offset for increases to FQHCs and others.

We must note, that in Maine 1 out of 2 hospitals has a negative margin. By comparison, only 1 out of 12 FQHCs has a negative margin. We do not think it is fair to cut hospitals to help FQHCs.

The chart below outlines hospital operating margins over the past decade. Unfortunately, this is the same chart as was in last year's document; we were not able to update it in time for this year's visit.

As you can see, 2021 was an unusually positive year. That was largely due to the financial aid provided by the federal government. That assistance, which helped covered losses in both 2020 and 2022 as well, was absolutely vital. **However, 2022 saw losses of $160 million in the aggregate (statewide margin = - 2.2%.)**

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Bridgton Hospital	7.27%	4.05%	-0.27%	1.81%	-3.12%	-4.05%	4.04%	9.64%	15.90%
Calais Community Hospital	-9.02%	-5.23%	-3.49%	-6.58%	-2.28%	-3.24%	13.48%	5.61%	N/A
Cary Medical Center	3.63%	3.17%	-1.00%	-1.35%	1.41%	1.28%	1.31%	4.51%	0.00%
Central Maine Medical Center	1.76%	2.95%	-1.84%	-3.18%	-3.15%	-4.83%	-2.63%	-4.53%	-5.70%
Coastal Healthcare Alliance*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-0.28%
Down East Community Hospital	-5.35%	-0.57%	2.00%	1.60%	0.27%	4.11%	5.27%	15.84%	N/A
Franklin Memorial Hospital	-4.20%	-0.69%	-6.21%	-6.38%	-7.18%	-12.02%	-0.03%	0.38%	-2.95%
Houlton Regional Hospital	-1.73%	-1.46%	-2.40%	-1.07%	-0.79%	-1.20%	0.14%	7.72%	5.80%
LincolnHealth	-1.26%	2.47%	0.52%	3.39%	3.58%	2.62%	-1.76%	5.76%	4.52%
Maine Medical Center	3.50%	3.51%	4.73%	4.60%	4.60%	4.60%	0.26%	3.93%	-1.78%
MaineGeneral Medical Center	-3.61%	-6.15%	0.05%	-4.26%	0.42%	1.23%	-1.48%	-1.14%	0.90%
Mid Coast Hospital	2.54%	1.91%	0.60%	1.65%	0.36%	2.85%	-8.64%	2.12%	-9.71%
Millinocket Regional Hospital	-9.04%	-3.12%	-2.90%	-4.66%	-20.89%	-6.54%	-1.16%	10.47%	1.90%
Mount Desert Island Hospital	-2.43%	1.12%	0.51%	3.93%	2.96%	0.85%	2.40%	10.28%	10.50%
Northern Light A.R. Gould Hospital	-3.14%	0.14%	-10.44%	0.94%	2.56%	-0.38%	-0.39%	-2.22%	-7.10%
Northern Light Acadia Hospital	2.30%	4.68%	6.33%	19.82%	5.90%	15.56%	10.50%	10.71%	6.10%
Northern Light Blue Hill Hospital	5.27%	6.46%	2.72%	2.34%	10.86%	4.50%	7.06%	13.24%	15.90%
Northern Light C. A. Dean Hospital	-1.59%	-1.20%	-10.93%	6.26%	11.00%	10.02%	6.31%	18.60%	3.30%
Northern Light Eastern Maine Medical Center	2.50%	5.49%	3.83%	3.25%	1.01%	5.18%	-4.00%	5.16%	-8.00%
Northern Light Inland Hospital	-2.31%	0.31%	-0.80%	1.20%	-4.00%	-7.69%	-3.97%	2.73%	-10.90%
Northern Light Maine Coast Hospital	-6.52%	-9.68%	-7.43%	-7.52%	-5.58%	2.26%	-6.66%	-1.03%	3.30%
Northern Light Mayo Hospital	-1.88%	-0.02%	-3.27%	-3.60%	-2.96%	-5.94%	-8.13%	7.82%	8.00%
Northern Light Mercy Hospital	1.15%	-10.22%	-7.92%	-1.85%	0.69%	5.28%	-5.31%	3.42%	-5.10%
Northern Light Sebasticook Hospital	6.49%	3.31%	3.95%	10.40%	13.83%	10.00%	6.77%	17.68%	17.70%
Northern Maine Medical Center	0.50%	1.50%	0.40%	13.30%	0.70%	0.82%	2.50%	4.29%	-3.54%
Penobscot Valley Hospital	-3.90%	-5.24%	-9.84%	-8.72%	-5.44%	-1.93%	8.04%	8.12%	-9.80%
Redington-Fairview General Hospital	-3.65%	-3.65%	0.01%	0.12%	0.17%	2.65%	2.26%	3.48%	1.80%
Rumford Hospital	0.94%	-1.23%	-2.44%	-0.29%	-4.22%	-2.30%	6.33%	6.32%	9.90%
Southern Maine Health Care	N/A	-3.41%	-2.83%	-0.17%	-2.26%	1.85%	-7.07%	7.49%	-4.53%
Spring Harbor Hospital/Maine Behavioral Healthcare	0.41%	0.43%	-1.63%	2.26%	1.48%	1.43%	-2.08%	-5.84%	-16.22%
St. Joseph Hospital	8.97%	1.33%	2.20%	0.63%	-9.42%	0.72%	-0.33%	-0.25%	-5.40%
St. Mary's Regional Medical Center	-1.67%	-1.68%	1.01%	-0.52%	-11.93%	-0.41%	-6.06%	-3.63%	TBD
Stephens Memorial Hospital	6.38%	4.95%	2.54%	2.10%	2.18%	4.20%	6.45%	13.20%	13.81%
York Hospital	-1.91%	-0.51%	-1.45%	-1.60%	-1.17%	-3.89%	-8.33%	3.09%	-1.20%

*Pen Bay Medical Center & Waldo County General Hospital merged to form Coastal Healthcare Alliance in 2022

Color Code:

	Operating Margins < 0
	Operating Margins 0 - 4.99%
	Operating Margins 5%+

Source:
Maine Health Data Organization
Audited Financial Statements

Calendar 2023 is not yet available. Yet, as you know, costs remain persistently high. Margins have improved.

Preserve 340B Drug Discounts

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.

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 $282 million a year. This is a reduction of 20% in one 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. They are unilaterally choosing to no longer provide drugs at the 340B discount price and they are challenging aspects of the program in court.

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. If the carriers are successful in court, the financial viability of hospitals in Maine will be in jeopardy.

Please support HRSA's enforcement of the intent and purpose

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 Hospital

Northern Light Sebasticook 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

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2024

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
Maine Behavioral Healthcare, South Portland
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 Sebasticook 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
Stephens Memorial Hospital, Norway
Waldo County General Hospital, Belfast
York Hospital, York

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