



COST DRIVERS

- **70% of Maine people die from only four diseases:** cardiovascular disease (heart disease and stroke), cancer, chronic lung disease (primarily emphysema), and diabetes.
- These chronic diseases are often preventable and according to the Maine CDC account for **\$2.47 billion in direct and indirect health care costs.**
- The McKinsey report indicated that Maine has one of the highest prevalence rates of chronic disease and accounts for **\$1.4 billion in direct treatment costs**, acknowledging that this does not take into consideration the cost of many secondary health problems these diseases cause.

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Care Provided in Maine

- **2006 Common Wealth Fund Report, Why Not the Best, they issued a State Scorecard on Health System Performance** to provide a framework for assessing state health system performance on access to care, quality, avoidable hospital use, and costs of care, equity, and the ability to live long and health lives.
- **Maine ranked 5th best in this report.**

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Maine Statistics

- Maine's Uninsured: 127,966; 10% - U.S. 16%
- 53% Employer Coverage
- 5% Individual
- 19% Medicaid
- 13% Medicare
- 1% Other Public

2005-2006 Kaiser Family Foundation

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State General Fund Budget

- SFY '10 \$2.9 Billion
- SFY '11 \$2.8 Billion

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DHHS General Fund Budget

- SFY '10 \$823 Million
- SFY '11 \$861 Million

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**MaineCare General Fund
Hospital Spending**
(No Settlements with ARRA Funding)

- SFY '10 \$96 Million
- SFY '11 \$96 Million
- SFY '12 \$96 Million – or less

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**Settlements Paid Under
The MaineCare Agreement**

HFY '05	\$104 Million
HFY '06	\$118 Million
HFY '07	\$116 Million
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Total	\$338 Million

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**Estimate of Remaining
Settlements Owed**

HFY '07	\$35 Million
HFY '08	\$97 Million
HFY '09	\$127 Million
HFY '10	\$95 Million
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Total	\$378 Million

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2010 Supplemental Budget
As Originally Proposed in
January 2010

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Critical Access Hospitals

- Reduce reimbursement from 109% of allowable cost to 101% of allowable cost **\$5.3 Million**

* This is in addition to reduction from 117% to 109% passed last spring

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**Acute Care Non-Critical
Access Hospitals**

- 4% reduction in inpatient reimbursement **\$4.1 Million**
- Reducing rate per discharge at community psych hospitals **\$1.2 Million**
- Transition to Section 65 rates for hospital based mental health and substance abuse services **\$3.1 Million**
- Outpatient reimbursement to 86% of Medicare APC rates **\$3.2 Million**

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Acute Care Non-Critical Access Hospitals

-or **\$30 Million**
- Claims issues cause incomplete data
- Very difficult to estimate
- More to come

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All Hospitals

- Pushes last cycle payment for all MaineCare providers into next fiscal year for a savings of \$39 Million. **\$6.9 Million** for hospitals.

Tax Increase

- Increases the hospital tax through rebasing to 2008 **\$10.7 Million**

Service Limits

\$ 7.2 Million

- Limits outpatient visits to 15 per year with the exception of HIV, cancer, prenatal, kidney failure, transplant services: **\$4.7 Million**
- Limits inpatient services to 5 per year: **\$2.0 Million**
- Limits lab and x-ray to 15 per year: **\$ 500,000**

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What Actually Happened...

- Increase in hospital tax through rebasing to 2008 **\$10.7 Million**
- Increase in "match" payments of **\$8 Million**

Net reduction	(\$2.7 Million)
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- One time assessment of .12% **(\$4.3 Million)**
- Elimination of payments for hospital readmissions within 72 hours **(\$.6 Million)**

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Dirigo Health

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Dirigo

■ Enrollment

- Current: 6,500; Medicaid 6,365
- Last year: 8,749; Medicaid: 6,183
- 2 years ago: 10,663; Medicaid: 5,526
- 3 years ago: 14,418; Medicaid: 5,524
- 80% Eligible for Highest Subsidy
- Original projections showed 30,000-70,000 enrollees

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Transition to MHIMS

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DRG/APC Transition

- Current plan – could change
- DRG/APC billing started September 1, 2010
- Professional claims payments started September 1, 2010
- DRG payments to begin with hospital fiscal years beginning after October, 2010

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DRG/APC Transition (continued)

- Standard DRG base rates with wage index of one
- APC % of Medicare to be decided at a future date
- Physician service paid as % of cost but billed on 1500
- CAH to be billed as APC/DRG, payment transition yet to be decided

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DRG/APC Transition (continued)

- PIP to be phased out – critical step
- 30 Day maximum claims turnaround
- Temporary cash flow interruption – better over the long term??
- What happens a year from now – or sooner??

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Election Communication Strategy on MaineCare Debt

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Communications with Candidates

- Goal: increasing public awareness of MaineCare debt owed to hospitals
- All hospitals involved
- All hands on deck
- Local hospital communications is key
- Use real life situations from your hospital

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Current Situation

It is imperative that the New Administration and the 125th Maine Legislature:

- Protect existing MaineCare hospital reimbursement rates and ensure that the remaining MaineCare hospital settlement payments for 2007, and all of 2008, 2009, and 2010, estimated at over \$300 million state and federal, are paid
- Ensure that MaineCare transitions to a managed care program that more effectively manages use of health care services and provides for greater innovation of health care delivery that promotes chronic disease management and rewards for high quality efficient services.

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