

Paul R. LaPage, Governor

Mary C. Mayhew, Commissioner

Department of Health and Human Services
MaineCare Services
11 State House Station
Augusta, Maine 04333-0011
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September 29, 2014

Senator Dawn Hill, Chair
Representative Margaret R. Rotundo, Chair
Members, Joint Standing Committee on
Appropriations and Financial Affairs
Room 228, State House
Augusta, Maine 04333

Dear Senator Hill, Representative Rotundo, and Members of the Joint Standing Committee on
Appropriations and Financial Affairs:

Shortly after LD 1858, Part Q, *Timing of MaineCare Payments* (language attached), was passed, the Department of Health and Human Services began receiving letters from providers expressing their concerns with this change to the payment cycle as it would have a significant negative impact on their own cash flow and ability to do business.

Attached are letters, from the following organizations expressing their desire to be exempted from this initiative: Maine Hospital Association, Maine Association of Mental Health Services, Maine Primary Care Association, the United Way and the Maine Association of Substance Abuse Programs. Together, these organizations represent a majority of MaineCare providers receiving more than \$350M in claims paid to MaineCare providers in 2014. As you are aware, a provision in the law exists which allows for the Department to waive the requirement when deemed necessary.

Due to this high number of requests, the Department is still actively exploring how this legislation can be implemented and meet the \$20M in State General Fund savings that need to be achieved, while at the same time adhering to the provision allowing providers to be exempted from the legislation.

At this time, the Department is requesting the Committee's guidance on a recommended approach to implementing this law in a way that allows providers to be relieved of the obligation, while also attaining the savings that was attributed to the legislation.

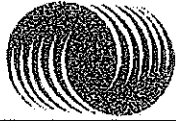
Sincerely,

Stefanie Nadeau, Director
Office of Maine Care Services

PART Q

Sec. Q-1. Timing of MaineCare payments. Notwithstanding the provisions of the Maine Revised Statutes, Title 5, section 1553, beginning July 1, 2014 the Department of Health and Human Services shall begin planning a payment scheduling change to be implemented in fiscal year 2014-15 to revise its process for paying MaineCare providers to modify the timing of MaineCare payments to providers to extend the time between submittal of a claim by the provider and the payment of the claim by MaineCare but to still remain at least one MaineCare weekly payment cycle before the deadline for timely processing of claims requirements as specified in 42 United States Code, Section 1396a(a)(37). In implementing this Part, the department shall consider the financial ability of providers to withstand the change in timing of payments. Within this payment process change, the department may establish processes for exempting from the extension of time for payment provider groups and providers who demonstrate to the department the justifiable need for such exemption. The department shall report its progress in implementing this change and in achieving savings to the Joint Standing Committee on Appropriations and Financial Affairs and the Joint Standing Committee on Health and Human Services by September 30, 2014. The department shall report its progress in implementing this change and in achieving savings to the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs and the joint standing committee of the Legislature having jurisdiction over health and human services matters by January 15, 2015. The department shall implement these changes in a manner that achieves the one-time 2014-15 MaineCare savings identified in section 2 of this Part.

MHA



Maine Hospital Association

*Representing
community hospitals
and the patients
they serve.*

33 Fuller Road
Augusta, Maine 04330
tel 207-622-4794
fax 207-622-3073
www.themha.org

September 18, 2014

Ms. Stefanie Nadeau
Director of MaineCare Services
Maine Department of Health and Human Services
11 State House Station
Augusta, Maine 04333-0011

RE: MaineCare Payment Cycle Initiative - PL 2013, Ch. 595, Sec. Q-1

Dear Ms. Nadeau,

Please accept this letter on behalf of the Maine Hospital Association regarding the Legislature's directive to DHHS to delay the issuance of Medicaid remittances for services rendered by providers.

Maine's hospitals understand the financial challenges the state faces and the need for tools such as the Payment Cycle Initiative which requires DHHS to:

"revise its process for paying MaineCare providers to modify the timing of MaineCare payments to providers to extend the time between submittal of a claim by the provider and the payment of the claim by MaineCare but to still remain at least one MaineCare weekly payment cycle before the deadline for timely processing of claims requirements as specified in 42 United States Code, Section 1396a(a)(37)."

We also appreciate that the Legislature envisioned that delaying payment to some providers may present a hardship:

"the department shall consider the financial ability of providers to withstand the change in timing of payments. Within this payment process change, the department may establish processes for exempting from the extension of time for payment provider groups and providers who demonstrate to the department the justifiable need for such exemption."

We believe hospitals are a provider group that should be exempt from the policy revision.

As you are aware, hospital operating margins are at an all-time low. Aggregate margins for all hospitals are negative for State Fiscal Year 2014. This is unprecedented. The combination of better care leading to lower volumes of service, combined with a weak economy and a series of negative actions by the

Shaping the Future of Health Care

Legislature including cutting hospital reimbursement rates and increasing the hospital tax have combined to put make current circumstances very difficult for hospitals.

In addition, the failure to expand Medicaid has placed a much greater burden on safety net providers like hospitals and the charity care they provide to Maine people.

If you do not agree that hospitals should receive a categorical exemption from the revised payment policy we would ask you to consider three more targeted exemptions:

1. Exempt each CAH, IMD and Rehabilitation Hospitals;
2. Exempt each hospital that has experienced a negative operating margin for the past twelve months; and
3. Exempt each hospital that has less than 60 days cash on hand.

These types of providers simply don't have the ability to absorb payment delays or other actions that would negatively impact their cash flow at this time.

Thank you for accepting this letter and I would be happy to speak with you about it at your convenience.

Sincerely,



Steven R. Michaud
President

Nadeau, Stefanie

From: Vanessa Santarelli <vsantarelli@mepca.org>
Sent: Thursday, April 10, 2014 7:33 AM
To: Nadeau, Stefanie; Ketch, Beth
Cc: Laurie Kane-Lewis; Dan Washburn; Melissa Libby
Subject: Request for Mtg-Budget Amendment Timing of MaineCare payments
Attachments: Doc Apr 09, 2014, 415 AM.pdf

Importance: High

Good morning, Stefanie and Beth:

I hope you are well. I have attached Senator Flood's amendment that was rolled into the FY15 supplemental budget that requires the department to make MaineCare payment scheduling changes which extends the time between when a provider submits a claim and when it is paid.

We would like to schedule a meeting with you at your earliest convenience and availability to request an exemption, which is permitted under the amendment, and to respectfully ask that you maintain the same reimbursement timing schedule for paying FQHC claims. My understanding is that you currently pay claims to our members within 14 days from submission.

As you know from the attached, the department is allowed to grant exemptions to providers "who demonstrate to the department the justifiable need for such exemption." We know that you understand and appreciate the financial challenges our health centers face in caring for increasing numbers of uninsured and medically underserved individuals, and hope that you will grant our request.

I have copied my Executive Assistant, Melissa Libby on this email so that she can follow up and work with you and your staff to schedule a time for us to meet.

I would not make this request if I didn't sincerely believe that it would create an unsustainable financial hardship for our members and their patients accessing care. Any delay in payments is of great concern to us because of cash flow issues that directly impact health center operations. I greatly appreciate your consideration and look forward to meeting soon.

Thank you and have a nice weekend,

Vanessa



Maine Association of Substance Abuse Programs

The Voice of Maine's Substance Abuse Providers

Ruth Blauer, Executive Director

MASAP
*Maine Association of
Substance Abuse Programs*
Ruth Blauer,
Executive Director

MAPSA
*Maine Alliance to
Prevent Substance Abuse*
Raya Kosletsis
Coordinator

MAAR
*Maine Alliance for
Addiction Recovery*
Darren, Ripley, Coordinator

PRCC
*Portland Recovery
Community Center*
Stephen Cotreau, Manager

May 14, 2014

Ms. Stefanie Nadeau, Director
Office of MaineCare Services
11 State House Station
Augusta, Maine 04333-0011

Dear Ms. Nadeau,

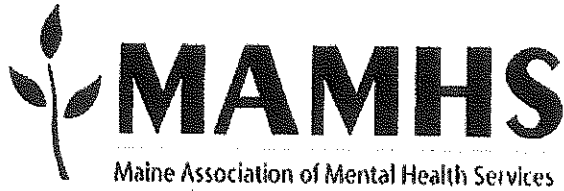
I am writing on behalf of the Maine Association of Substance Abuse Providers (MASAP) regarding the legislation that changes the practice in the MaineCare payment and billing cycle. As the new fiscal year approaches, we are concerned that this change will significantly impact our cash flow and increase costs in the form of higher interest expenses on our line of credits (which is an unallowable expense). This change in practice will jeopardize our ability to meet payroll which is one of our largest concerns.

We are hoping that you can provide us with the details as to how MaineCare will be implementing this legislation. It would be helpful if we had information on establishing the exception process that is mentioned in the legislation.

Any information that you can provide us at this time would be appreciated.

Sincerely,

Patricia A. Kimball
President MASAP



Ruth Blauer, Executive Director rblauer@masap.org

Dale Hamilton
Community Health and Counseling Services
42 Cedar Street
Bangor, ME 04401

May 14, 2014

Ms. Stefanie Nadeau, Director
Office of MaineCare Services
11 State House Station,
Augusta, Maine 04333-0011

Dear Ms. Nadeau:

I am writing on behalf of the Maine Association of Mental Health Services regarding the legislation that alters the MaineCare payment cycle. As we prepare for the new fiscal year, we are concerned that this change will significantly impact our cash flow, increase costs in the form of higher interest expense on our line of credits (an unallowable expense), and jeopardize our ability to meet payroll.

I am hoping that you can provide me with details as to how MaineCare will be implementing this legislation. I am also wondering if you have established the exception process that is mentioned in the legislation.

Any information that you can provide at this time is appreciated.

Sincerely,

Dale Hamilton
President, MAMHS

LIVE UNITED

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8/24



United Way
of Greater Portland

July 1, 2014

Commissioner Mary Mayhew
Department of Health and Human Services
221 State Street
Augusta, Maine 04333

Health & Human Services
JUL 10 2014
Commissioner's Office

Dear Commissioner Mayhew:

I am writing on behalf of the United Way of Greater Portland regarding the implementation of legislation that alters the MaineCare payment cycle. We are concerned that this change will significantly impact a number of our Partner Agencies and their ability to deliver effective and efficient services. These services help stabilize many vulnerable citizens in Cumberland County. Agencies are reporting that the new payment cycle will impact their cash flow, increase costs in the form of higher interest expenses on their lines of credit, and jeopardize their ability to meet payroll. Moving to a twenty-four day cycle could significantly disrupt that two week payroll cycle, along with the agencies' ability to do business here in our communities.

It is our understanding that there is a waiver provision in the legislation that would provide relief to agencies that are not able to tolerate the twenty-four day payment cycle. As the new fiscal year starts, we would appreciate knowing the Department's general plans regarding implementation, including whether the new process will be phased, what the timeline for the waiver process is, and what the criteria will be.

This legislation as is could cause significant hardship to our Partner Agencies and needs to be addressed. Thank you in advance for your attention to these concerns and we would appreciate any information you may have about the waiver process.

Sincerely,

Suzanne

Suzanne McCormick
President & CEO

United Way of Greater Portland