

September 30, 2014

To: Senator Dawn Hill, Chair
Representative Margaret R. Rotundo, Chair
Members of the Joint Standing Committee on Appropriations and Financial Affairs

From: Mary C. Mayhew, Commissioner, Department of Health and Human Services

Re: DHHS responses to questions for September 30, 2014 AFA interim meeting

1. **Riverview Psychiatric Center Staffing**

Question: At the last meeting of the AFA committee Acting Superintendent Harper stated in a response to a question that he did not need additional funding to address the problems at RPC. Recent newspaper reports indicated that Mr. Harper would like 12 additional Acuity Specialists. What is the source of funding envisioned for these positions if not a supplemental request?

Response: RPC has converted a few personnel lines that were vacant, to Acuity Specialists. The hospital is continuing to assess other possible conversions or funding opportunities for these positions and will be submitting Supplemental or Biennial requests to fill any remaining need.

2. **Riverview Psychiatric Center Recertification**

Question 1: On the October 9, 2013 meeting of this committee Commissioner Mayhew told the committee that Hospitals that are terminated are typically recertified within 6 months. Given that we have passed a full year after decertification and 18 months since CMS expressed its initial concerns, is there an update on when the hospital is expected to be recertified?

Response: The application for certification has been accepted and referred to CMS. We expect a new survey to be scheduled in the near future.

Question 2: Also at that meeting the Commissioner shared that there were no plans to move patients or shift admissions to DDPC, a possible solution due to its continued certification. Is it time to revisit those decisions?

Response: RPC has improved enormously over the past several months, and we continue to believe the Hospital meets the standards for certification. At this time, there is no need to consider transferring patients to DDPC.

3. **Riverview Consent Decree**

Question: The Court Master's most recent progress report describes the current operation of RPC as "troubled." Please respond to this assessment and share with us the Department's efforts to allay his concerns and to make progress towards the end of the consent decree.

Response: RPC expects the Court Master's consultant to visit the hospital in mid-October. We have provided all of the requested preliminary material and we continue to respond to additional requests. RPC is confident that the consultant will note the significant improvements that are ongoing at Riverview. All efforts to increase quality and improve the broader Mental Health care infrastructure in Maine will assist us in progressing toward the end of the Consent Decree.

4. **Riverview Budget Initiatives**

Question: Regarding the appropriations and allocations made to the Riverview Psychiatric Center programs in PL 2013 chapters 502 and 595 (see **Attachment A**): Please provide a summary of the actual expenditures in FY 2014 for each applicable initiative and a status of expenditures in the current fiscal year. If the full amount was not expended in FY 2014 or the full amount is not expected to be expended in the current fiscal year, please provide an explanation for the underutilization of funds.

Response: All budgeted appropriations authorized by the Legislature have been expended in SFY 14 and/or are expected to be expended in SFY 15.

5. **Payment Initiative**

Question: Please share the required report on the Department's progress in implementing a change to the timing of MaineCare Payments (PL 2013 c. 595 Part Q-1) with the committee and have staff on hand to respond to clarifying questions.

Response: Please see the report (**Attachment B**) provided to the Appropriations and Financial Affairs Committee that is included in this packet.

6. **Rescinded 4.3% cut to non-MaineCare Community Mental Health Contracts**

Question: On Thursday, August 28 providers received a notice from the Office of Substance Abuse and Mental Health Services Director Guy Cousins stating that: "After a further review of the SFY2015 budget, contract allocations funded by Mental Health General Funds must be reduced by 4.3%. This change is across all programs and services that are supported via state General Funds in the mental health account." The following week, Legislative staff received the following explanation:

"According to Guy Cousins, there is no reduction in funding in the General Fund Budget for mental health and substance abuse services. The problems lay with a faulty distribution or allocation of funds in FY 2013 that was repeated in FY 2014. The most recent DHHS analysis indicates that there was an over allocation of \$800,000, which

represents a 2% over-allocation. As a result, the allocation of funds had to be reduced by 2 percent, but the General Fund appropriation is not changed. No Medicaid eligible clients will be impacted. The clients who will be impacted are the “spend-down” clients. None of the General Fund money is matched by federal funds.”

Speaking again with Department staff at the end of the week, Friday the 5th, Legislative staff was advised that the department was trying to determine what had caused the reported shortfall.

On Thursday, September 11 The Lewiston Sun Journal reported roughly the same state of affairs but noted that the department now claimed the cut could be less than 4.3% but would not share what had happened or who would be impacted for providers and clients.

Following this story the Lewiston Sun Journal reported the next day that the department had rescinded the cuts without out any further explanation.

Please explain the rapid changes in the notices provided and the reasons for the turn of events.

Response: On August 28, a communication was sent from the Office of Substance Abuse and Mental Health Services indicating that there would be a 4.3 percent cut to FY 2015 contracts funded by the Mental Health General Fund. That communication was sent prematurely and prior to a Commissioner’s Office review of the matter. At this time, we do not anticipate any reduction to FY 2015 Mental Health General Fund contracts.

7. **Transfer of Veterans from MaineCare to Veterans’ Health Care Services**

*Note: Development of the responses below was a collaborative effort between DEVM and DHHS.

Question 1: In a packet of information for the Appropriations and Health and Human Services Committees submitted on August 19, DHHS stated that any progress in the identification of veterans who are receiving MaineCare and are eligible for Veterans healthcare benefits is dependent upon the Department of Defense. It would appear from this information packet that no veterans have been transferred from Maine Care to Veterans healthcare at the present time. Is this correct?

Response: The packet provided to the Committee on 8/19/14, outlined the number of individuals assisted through the VA pilot project thus far. Some individuals have been converted to full VA healthcare and have voluntarily closed their MaineCare cases. Eligible veterans who are in nursing facility beds covered by the VA are the veterans who chose to close their MaineCare case. Veterans have to meet a certain criteria in order to have their LTC costs covered in the approved beds.

Question 2: Has your department developed a timetable for the identification of veterans eligible for veterans’ healthcare to be matched with MaineCare recipients who are veterans?

Response: DHHS is utilizing the Public Assistance Reporting Information System (PARIS) match that is received on a quarterly basis to identify veterans. The match

includes those veterans and dependents that are in the receipt of public assistance. If a veteran is in receipt of MaineCare then they automatically appear in the PARIS match. Our match typically includes 4,000 veterans and families each month. DHHS VA advocates work through the match to identify those veterans/families that are eligible for VA health care and make outreach to the families to encourage them to apply for the benefits.

Further, veterans that come into DHHS to apply for public assistance benefits are asked the question if they have ever served in the armed forces, if yes, then they are asked if we can share their information with the VA to explore potential VA benefits. Recently, the department shared a list of over 3,000 individuals with the VA Health Care.

Question 3: Once identification has been achieved, how long will it take to contact veterans and explain how veterans' health care benefits compare with MaineCare health care benefits?

Response: DHHS does an immediate outreach once identified. Staff make outreach by phone, email or by letter. Often times the veteran or family member does not respond to outreach efforts so staff typically make multiple attempts to encourage and persuade the veteran to apply for benefits.

The Veterans Services office will usually see veterans within 30 days after contact information is provided.

Question 4: Are veterans' healthcare benefits more comprehensive, less comprehensive or the same as MaineCare? If less comprehensive, what services are not available under veterans' healthcare? How do the costs of the two systems of care compare?

Response: The level of healthcare benefits provided to veterans varies. A comprehensive analysis would have to be done to compare the various levels provided through VA vs. MaineCare.

Question 5: Does the Veterans Administration pay for nursing home care or home care for veterans who receive their healthcare from the Veterans' Administration? Are there nursing homes that do not take payment from the VA? If patients are currently in a nursing care facility paid for by MaineCare, will they have to move if the facility does not take payment from the VA?

Response: Yes, the Department of Veterans Affairs covers the nursing home costs for those veterans with a service-connected disability rating between 70-100%. This coverage does not apply to all veterans in a nursing home, only to veterans in a VA-contracted nursing home or a Maine Veterans' Homes (MVH). The VA contracts with 16 community nursing homes (as of 04/24/14) and 6 MVH. Individuals are NOT required to move from their current facility. However, if there is a veteran who qualifies for nursing home costs to be covered, they do have to be in an approved NF bed. The advantage to veterans in VA approved beds should they choose to forgo MaineCare are; no cost of care and no estate recovery provisions. The Department benefits by avoiding costs in the MaineCare program.

Question 6: Does the Veterans Administration pay for transportation of veterans to medical appointments or to the hospital?

Response: VA will offer mileage reimbursement or special mode transport under certain qualifications.

Question 7: Can a Medicaid provider be certified to provide medical services to eligible veterans and be compensated by the Veterans Administration?

Response: Yes, the VA pays for “fee-based” healthcare. In the future, the VA will provide local assistance (fee card) for veterans who live long distances from a VA health clinic.

Question 8: Does the Department of Health and Human Services intend to require veterans on MaineCare who have been identified as eligible for veterans’ healthcare to receive future healthcare from the Veterans’ Administration?

Response: All MaineCare individuals are required to apply for other benefits to which they are entitled, unless they can show good cause for not doing so. These include but are not limited to annuities, pensions, SSA, VA benefits, etc... If a MaineCare recipient is eligible for both VA healthcare benefits and MaineCare, federal regulations do not allow the State to require the veteran to seek healthcare only through the VA system and not MaineCare. MaineCare is the payer of last resort when the veteran has other TPL coverage.

Question 9: If a veteran is currently, a MaineCare member would MaineCare pay for their transportation to the VA?

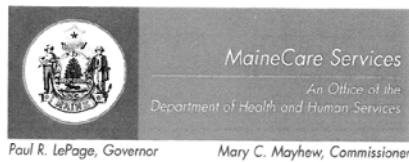
Response: Yes

Cc: Kathleen Newman, Deputy Chief of Staff, Governor’s Office
Holly Lusk, Senior Health Policy Advisor, Governor’s Office
Carlisle McLean, Chief Legal Counsel, Governor’s Office
Peter Steele, Director of Communications, Governor’s Office
Richard W. Rosen, Acting Commissioner, Dept. of Administrative and Financial Services
Melissa Gott, State Budget Officer, Department of Administrative and Financial Services
Joint Standing Committee for Health and Human Services

Questions Regarding Riverview Psychiatric Center

Regarding the appropriations and allocations made to the Riverview Psychiatric Center programs in PL 2013 chapters 502 and 595 (shown in the table below listing initiatives and General Fund appropriations): Please provide a summary of the actual expenditures in FY 2014 for each applicable initiative and a status of expenditures in the current fiscal year. If the full amount was not expended in FY 2014 or the full amount is not expected to be expended in the current fiscal year, please provide an explanation for the underutilization of funds.

Program	Initiative Text	Total FY14 General Fund Appropriati	Total FY15 General Fund Appropriati
Disproportionate Share - Riverview Psychiatric Center	Adjusts funding to achieve salary parity in order to retain and recruit nursing staff at Riverview Psychiatric Center and Dorothea Dix Psychiatric Center.	60,627	242,555
Disproportionate Share - Riverview Psychiatric Center	Establishes one Psychologist III position.	0	39,129
Disproportionate Share - Riverview Psychiatric Center	Provides funding for a contracted Psychiatrist position.	29,580	118,312
Disproportionate Share - Riverview Psychiatric Center	Provides funding for consulting services.	43,870	28,017
Disproportionate Share - Riverview Psychiatric Center	Provides funding for interpreting services in order to comply with regulations.	15,550	53,480
Disproportionate Share - Riverview Psychiatric Center	Provides funding for security by the State Department of Public Safety, Bureau of Capitol Police.	118,325	100,232
Disproportionate Share - Riverview Psychiatric Center	Provides funding for specialized training for staff related to the interaction of patients and security personnel.	0	22,920
Riverview Psychiatric Center	Provides funding for the study, design and construction of a Special Care Unit.	0	100,000
Disproportionate Share - Riverview Psychiatric Center	Provides funding to be used for legal assistance in medication hearings.	1,910	1,910
Disproportionate Share - Riverview Psychiatric Center	Provides funding to contract for Director of Psychology services	0	60,674
Riverview Psychiatric Center	Provides one-time funding for consulting services to address issues identified by The Joint Commission and Centers for Medicare and Medicaid Services surveys.	9,548	9,550
Disproportionate Share - Riverview Psychiatric Center	Provides one-time funding for contracted nurses.	0	122,131
Disproportionate Share - Riverview Psychiatric Center	Provides one-time funding for repairs and maintenance in order to comply with safety requirements outlined by The Joint Commission and Centers for Medicare and Medicaid Services surveys.	0	9,550



Department of Health and Human Services
MaineCare Services
11 State House Station
Augusta, Maine 04333-0011
Tel.: (207) 287-2674; Fax: (207) 287-2675
TTY Users: Dial 711 (Maine Relay)

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.



*Representing
community hospitals
and the patients
they serve.*

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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.

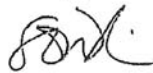
If you do not agree that hospitals should receive a categorical exemption from the revised payment policy we would ask you to consider three more targeted exemptions:

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 Kouletsis
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

295 Water Street, Suite 200 · Augusta, ME 04330
Phone 207.621.8118 · Fax 207.621.8362 · www.masap.org



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

Stefanie ——— 8/24



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

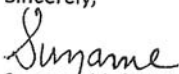
Dear Commissioner Mayhew:

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 McCormick
President & CEO
United Way of Greater Portland

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