



# Office of Affordable Health Care

Advisory Council Meeting, July 2<sup>nd</sup>, 2025





# Agenda

- Nomination of New Members & Introductions
- Update on Payment and Utilization Dashboards
- Hospital Financial Performance Measurement and Analysis



# OAHC Analytic Planning

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# Analysis Planning

Complete

In Progress

Not Yet Started

## OAHC Claims Dashboards

### Health Expenditures Dashboards

Hospital  
Payment and  
Utilization  
Dashboards

Professional  
Services  
Payment and  
Utilization

Facility Level  
Payment and  
Utilization

Cost Driver  
Deep-Dives

## MHDO and MQF Reporting

Drug Spending Dashboards

Primary Care Spending Report

Behavioral Health Care Spending  
Report

Hospital Quality Data

Hospital Financial Data

Health Care Payments in Maine V 2.0

CompareMaine: Payment and Quality  
Data

## OAHC Non-claims Analyses

Household Spending on  
Health Care

Access and Equity  
Dashboards

Clinical Quality Metric  
Dashboards

Provider Cost Analysis





# Facility Level Payment and Utilization Dashboards

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# Review of Hospital Level Payment and Utilization Dashboards

**Overview:** Working with MHDO, we will create hospital level dashboards to measure payments and utilization across hospitals in Maine.

**Purpose:** To identify and describe variation in payments and utilization across Maine hospitals and for select services.

**Metrics:** For each hospital we will report -

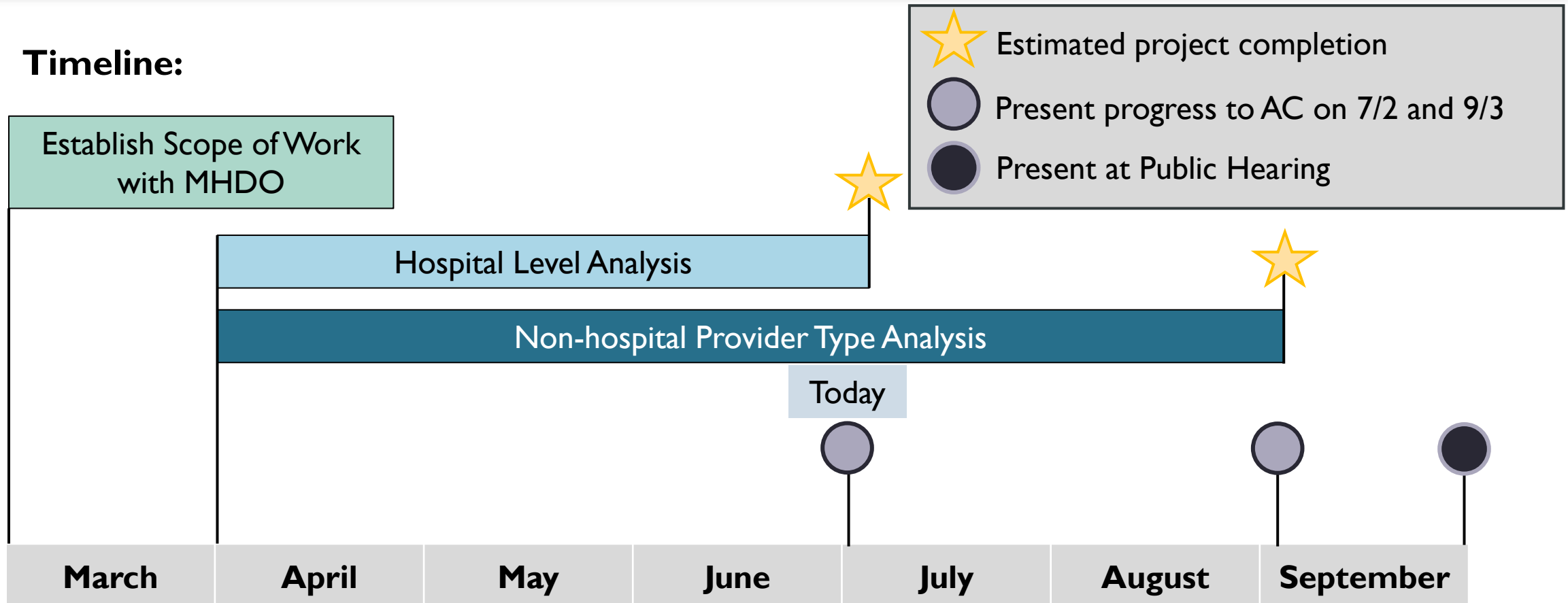
- Total payments, cost sharing payments, payments per unit by hospital inpatient, outpatient, and professional services
- Total utilization by hospital inpatient, outpatient, and professional services
- Select service level total payments, cost sharing payments, payments per unit
- Select service level total utilization

**Data Source:** MHDO All Payor-Claims Datab, January 2017-December 2023



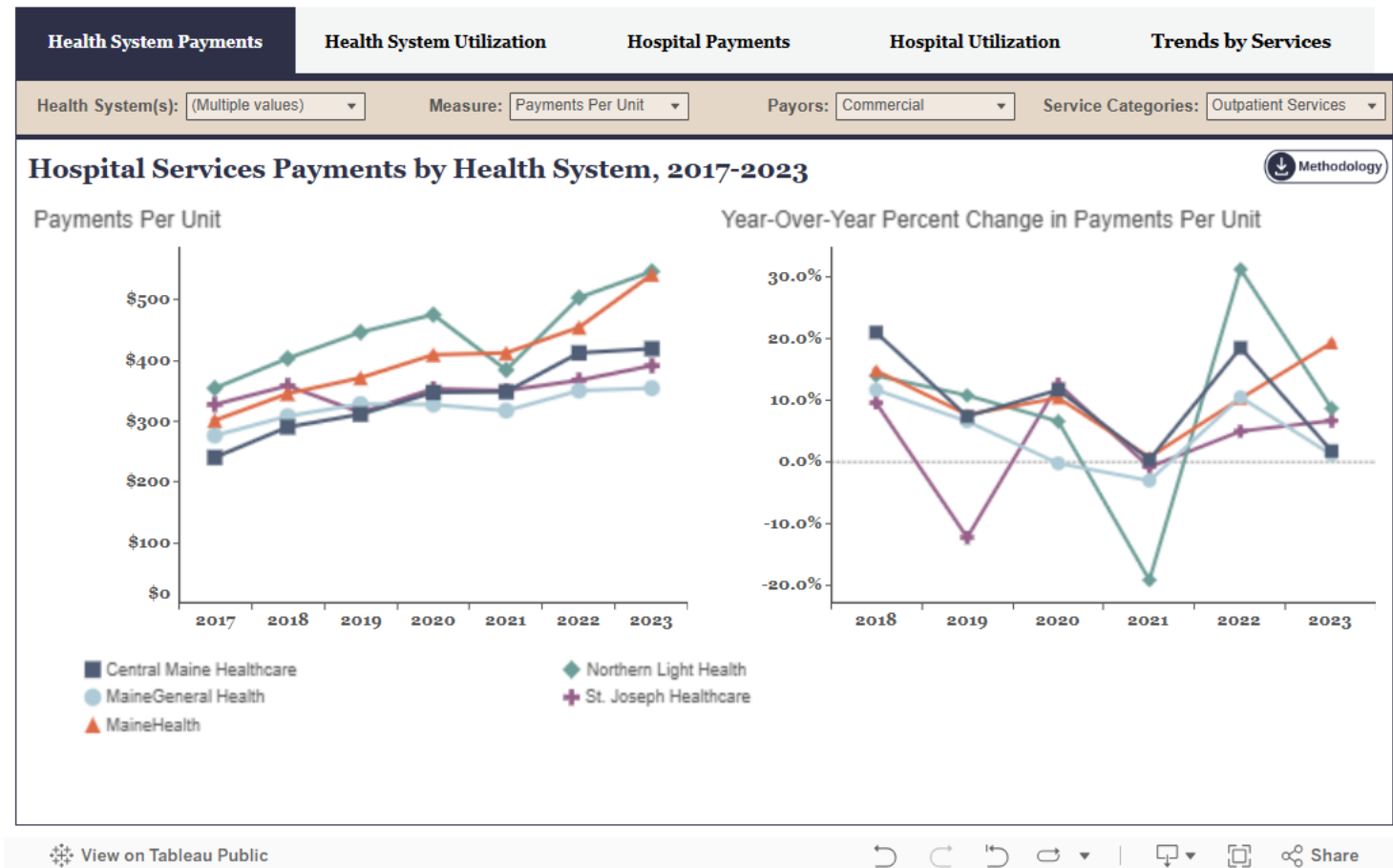
# Hospital Level and Non-hospital Provider Payment and Utilization Dashboards – Tentative Timeline

## Timeline:



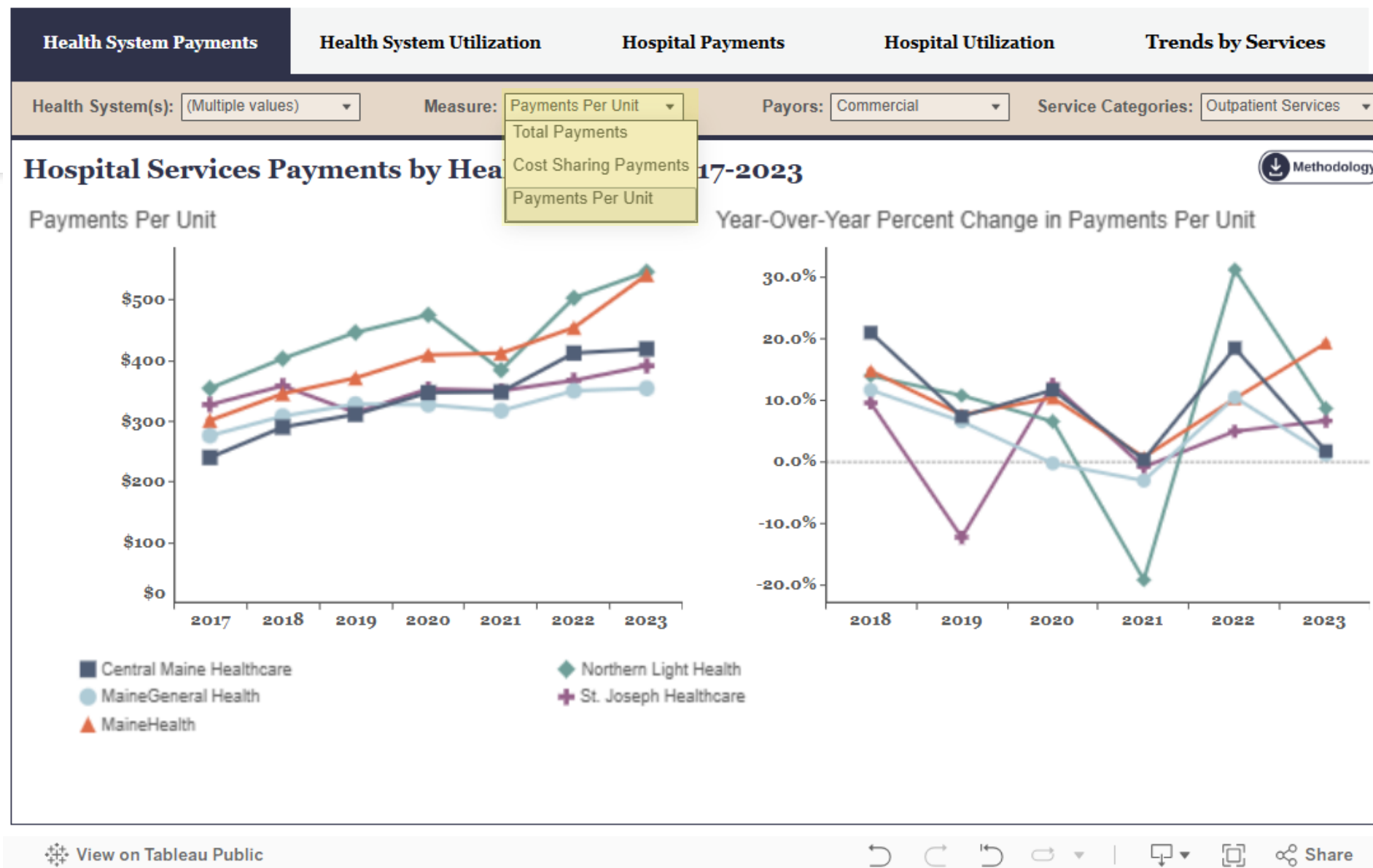
# Hospital Level and Non-hospital Provider Payment and Utilization Dashboards – Updates

- STATUS - In final discussions and review for the hospital level dashboards.
- TODAY - overview the functionality.

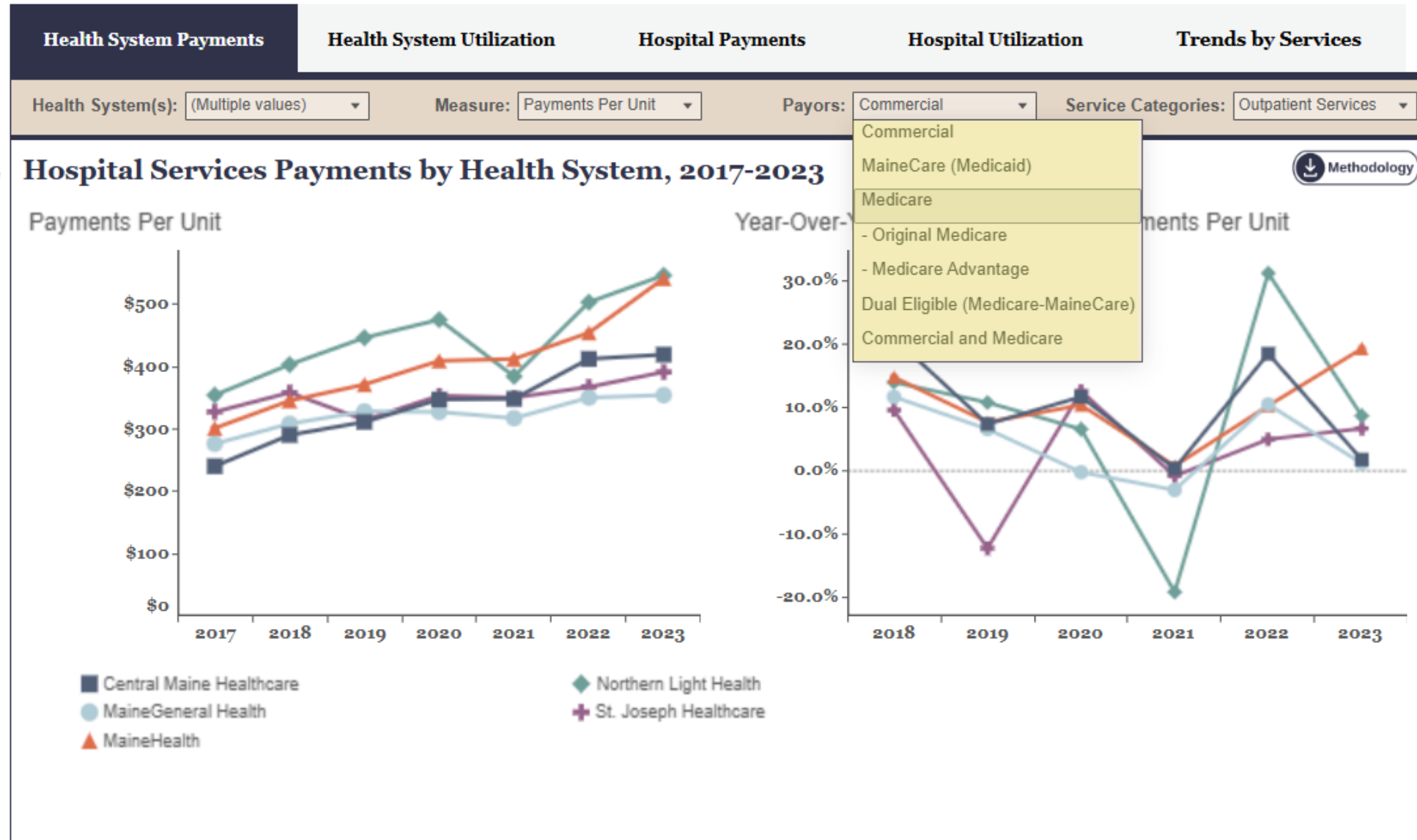




# Health Systems/Hospitals Tab – 3 payment views

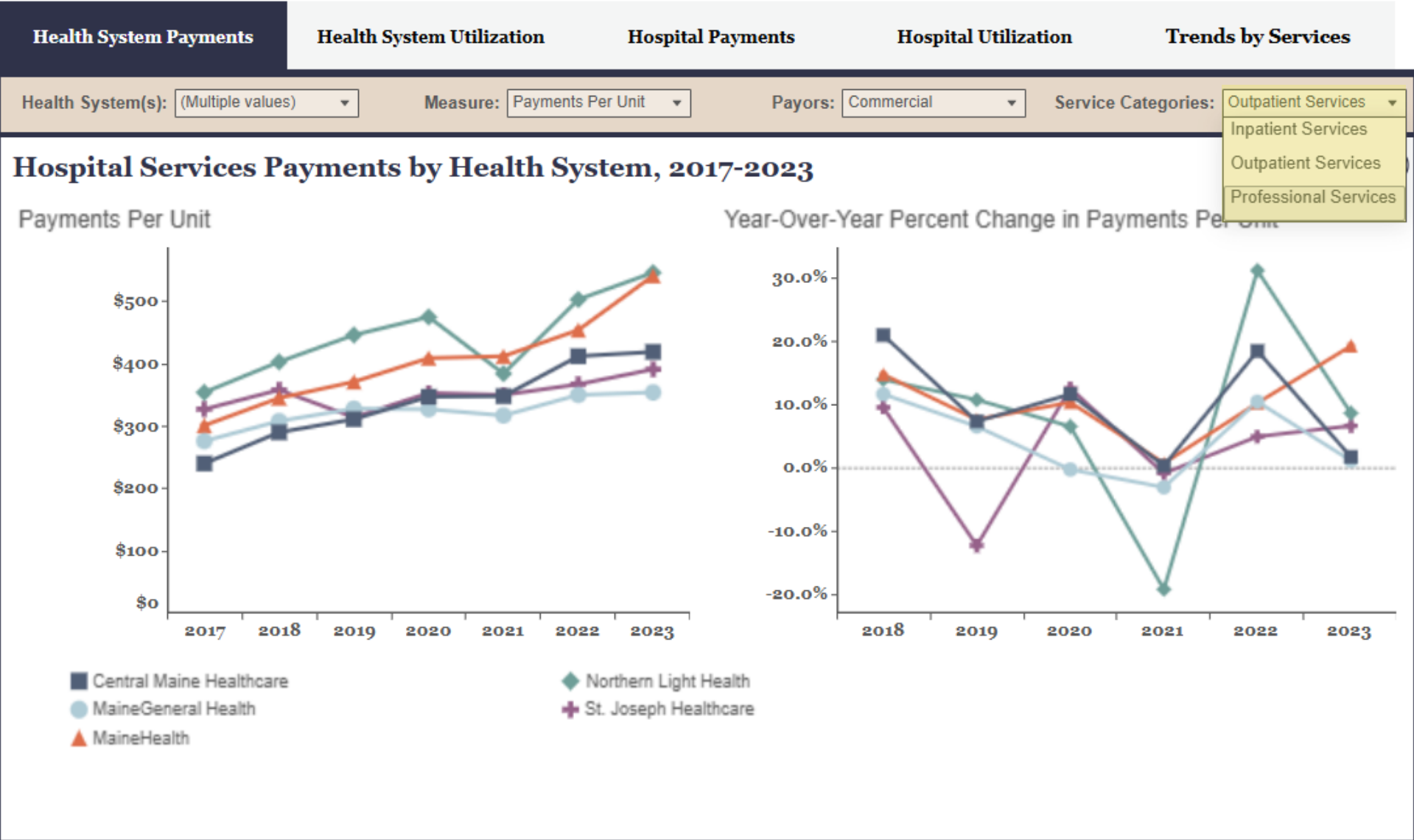


# Health Systems/Hospitals Tab – 7 payor types

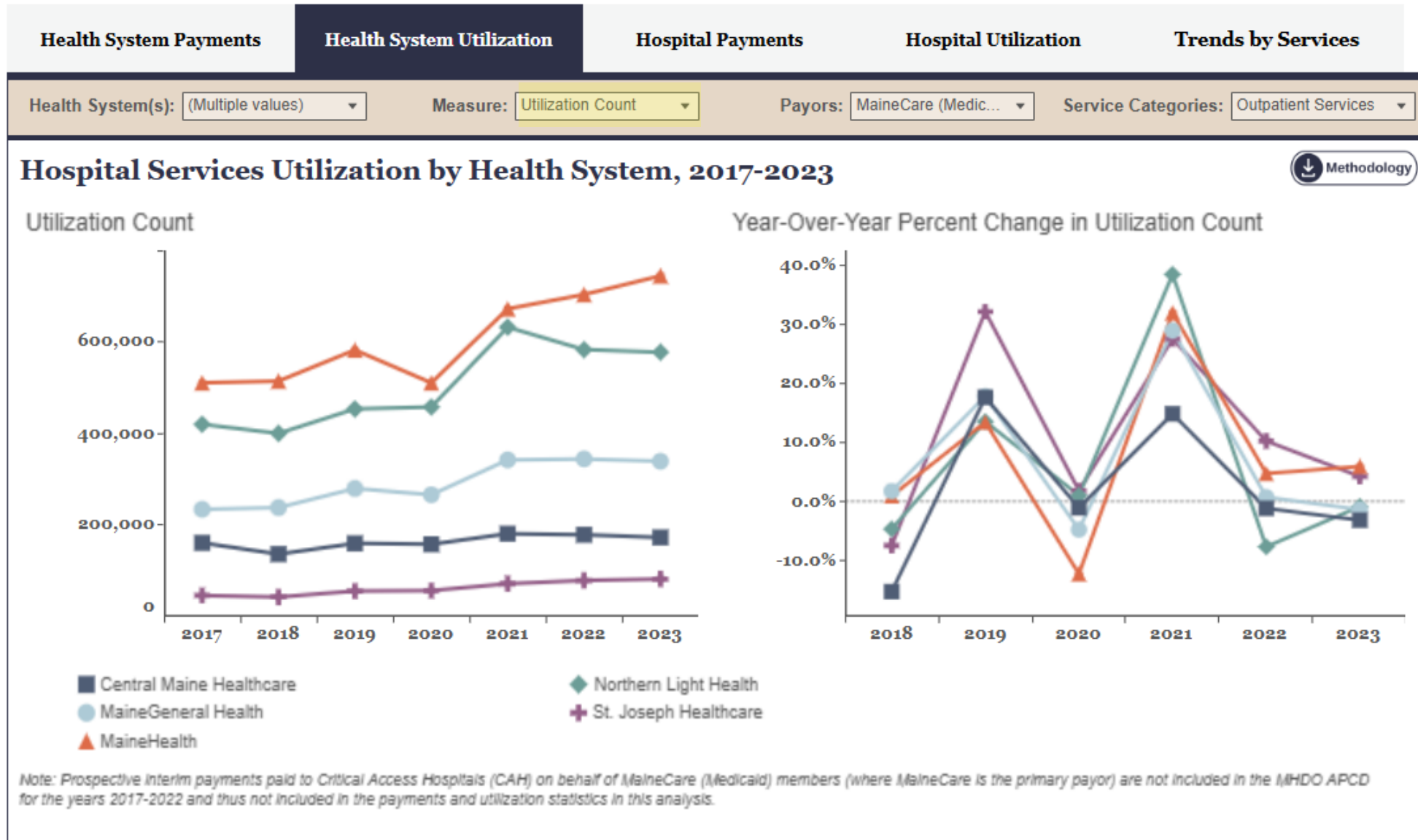




# Health Systems/Hospitals Tab – 3 types of service categories

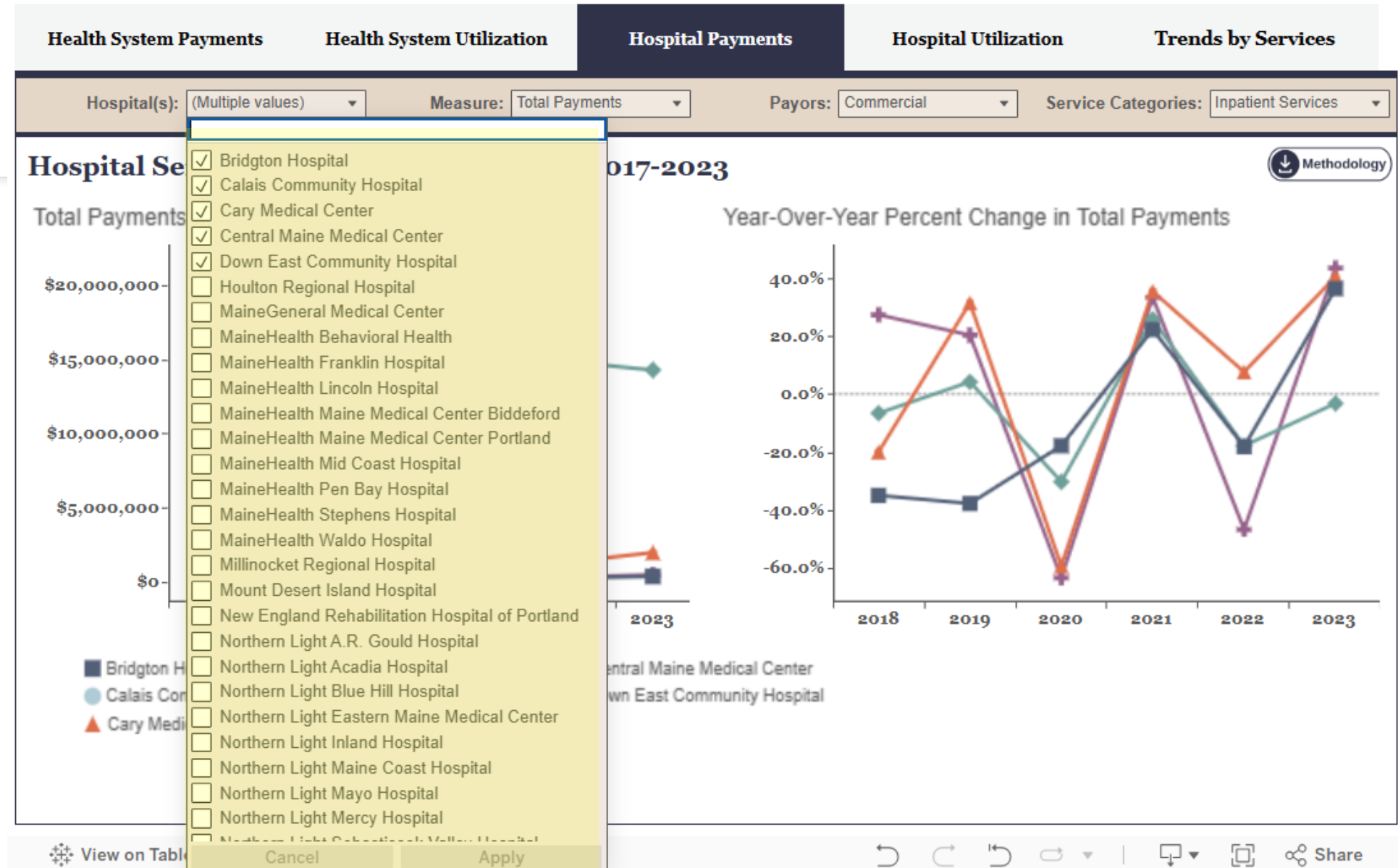


# Health Systems/Hospitals Tab – Utilization count

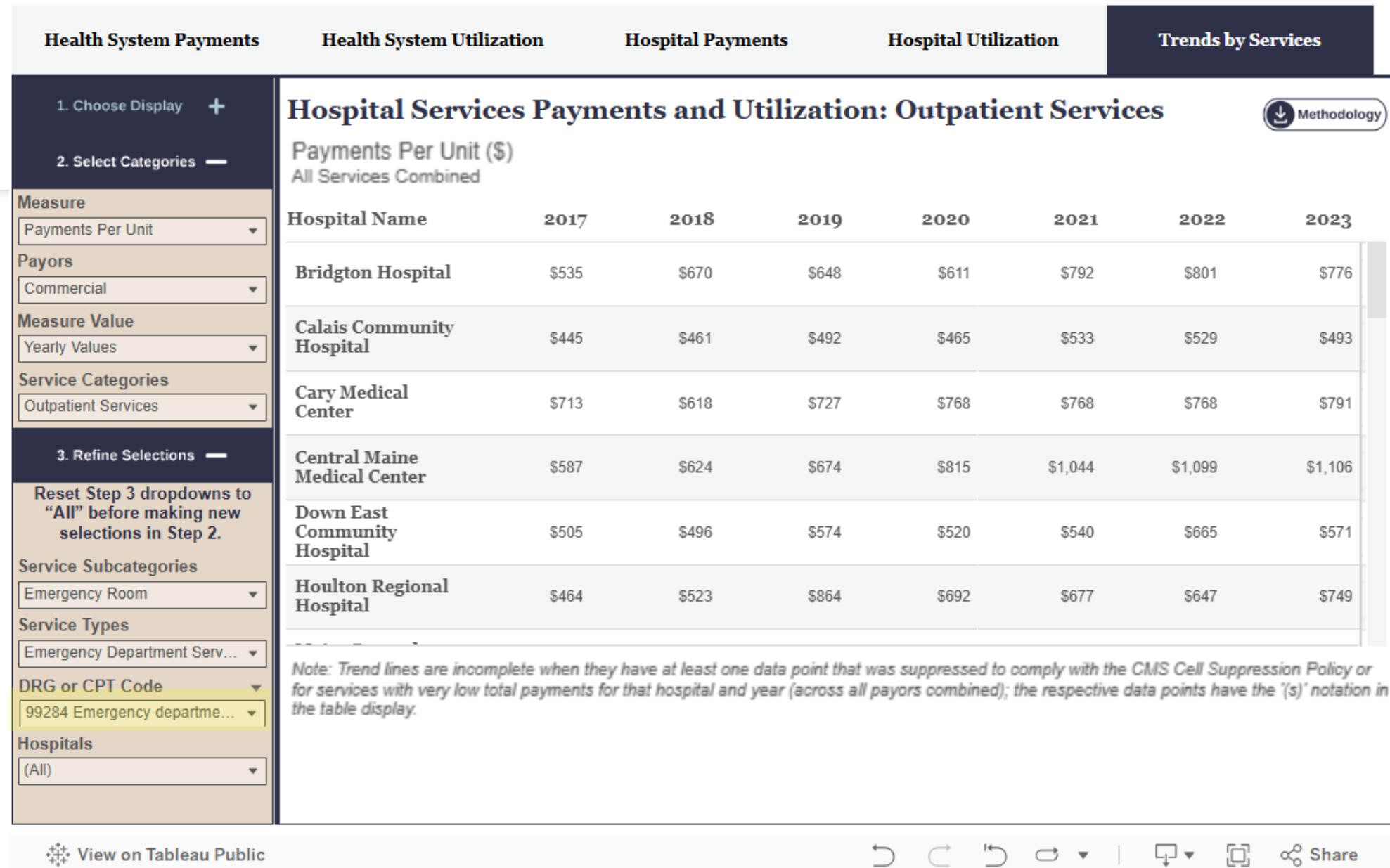




# Hospitals Tab – 35 Maine hospitals represented

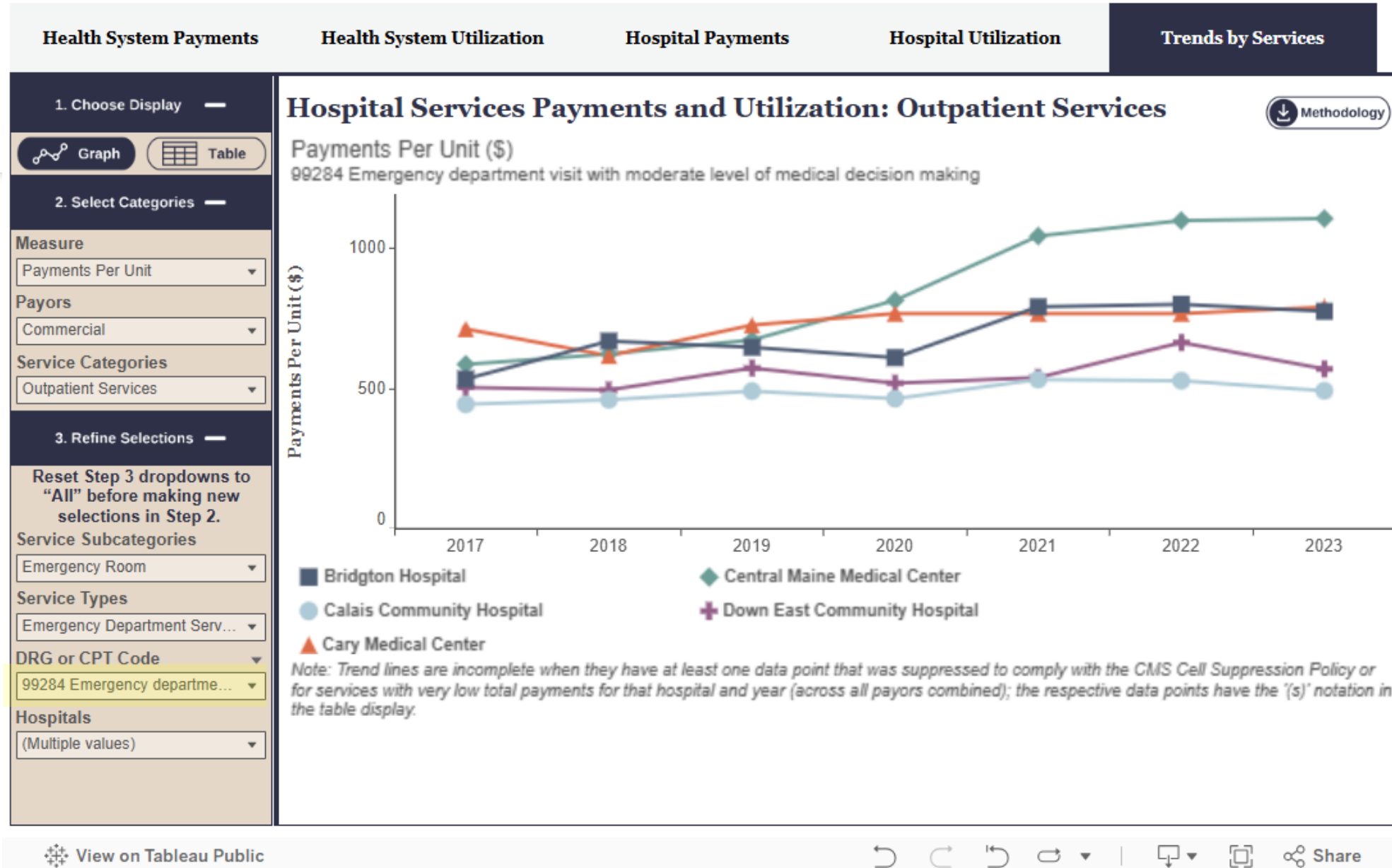


# Trends by Services Tab – DRG and CPT level comparisons





# Trends by Services Tab – DRG and CPT level comparisons







# Hospital Financial Analyses

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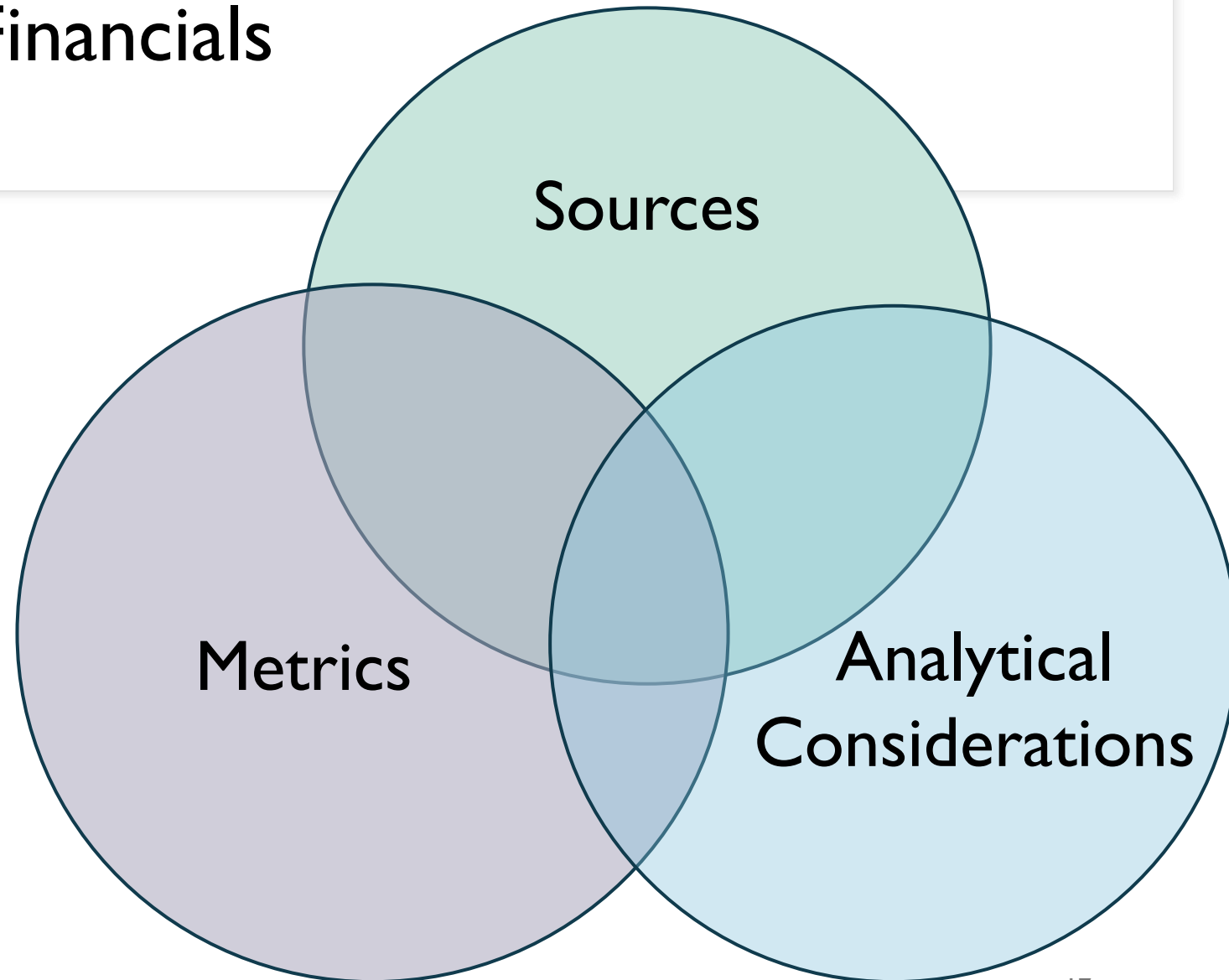




# Measuring Hospital Financials

## Overview:

- What sources are available for Maine hospital financial information?
- What metrics are commonly reported and what do they tell us?
- Are there additional considerations we should make when reporting on hospital financial measures?



# Measuring Hospital Financials

## Hospital Level

### Overview:

- Describes the financial wellbeing of the individual hospital.
- Hospital level analyses center on patient related activities.
- Hospitals also hold investments and debt, but at smaller scales than systems.
- Activities of the system can impact hospital level financial wellbeing not captured at this level of analysis

## System Level

### Overview:

- Describes the financial wellbeing of the entire system.
- Systems participate in joint ventures, large scale investments and borrowing – otherwise uncaptured at the hospital level.
- Systems can move cash from one entity to another, impacting facility level financial metrics.

# Sources for Measuring Hospital Financial Performance

| Source                       | Overview   | Pros  | Cons   | Availability   |
|------------------------------|--|---|--|--|
| Audited Financial Statements | Submitted by hospitals and health systems to obtain and maintain bond financing and support lender and private investor transparency.  | Audited, timely, and rich information – provided at hospital and system level | Labor intensive, hard to compare to other states                       | MHDO collects and annually reports AFS information ★                                     |
| Medicare Cost Reports        | Submitted by all Medicare-certified institutional providers to CMS and are used for determining government payment rates and other funding types.  | Easy comparability to other states  | Time lag (~ 2 years), less detailed, only includes hospital level info | Requires analytical expertise to pull and clean the data. NASHP provides subset dataset. |
| IRS 990                      | Submitted by non-governmental not-for-profit hospitals and health systems to the IRS relevant to tax-exemption.  | More detail on revenues and expenses, ownership, community benefit.           | Only applicable to not-for-profit, resource intensive, hard to compare | Maine Hospitals provide 990 data to DHHS.  |
| Rating Agency Reporting      | Released by credit rating agencies (e.g. Moody's) using information from Audited Financial Statements and other financial disclosures related to assessing a hospital or health system's financial risk. | Unique third-party analysis of financial position                             | Not standardized and difficult to compare hospital to hospital         | Difficult to access – either hard to find or requires payment                            |



# Common Metrics for Measuring Hospital Financials

| Metric   | Category                 | Definition   |
|--|--------------------------|--|
| Total Margin (%)   | Profitability            | Are the hospital's total activities profitable?                                  |
| Operating Margin (%)   | Profitability            | Are the hospital's core activities profitable?                                   |
| Days Cash on Hand, Incl. Board Designated & Undesignated Investments | Liquidity                | How long could the hospital operate and pay its bills without additional income? |
| Days in Accounts Receivable  | Liquidity                | How long does it take the hospital to collect payments from payers and patients? |
| Debt Service Coverage with Prior Year                                | Debt Capacity & Solvency | Are the hospital's earnings high enough to pay its debt?                         |
| Cash Flow Divided by Total Debt                                      | Debt Capacity & Solvency | How much of their total debt could they pay off this year?                       |
| Average Age of Plant (years)   | Capital Investment       | How old, on average, are the hospital's fixed assets?                            |
| Capital Expenditure as portion of Depreciation Expense               | Capital Investment       | Is the hospital replacing fixed assets as they age and investing in new assets?  |

# Additional Metric Considerations - EBITDA

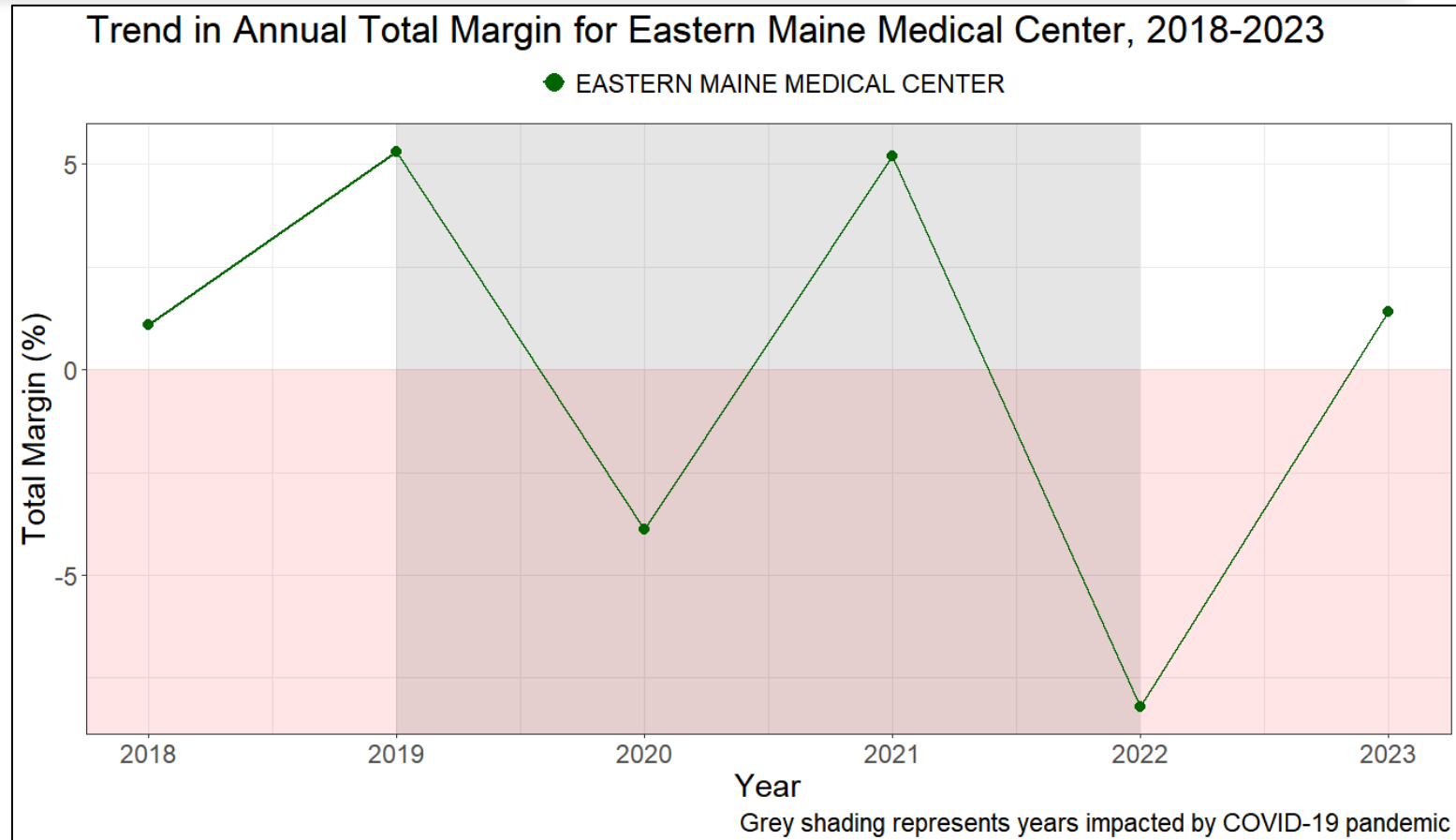
EBITDA = Earnings Before Interest, Tax, Depreciation and Amortization.

- Some financial analysts recommend calculating financial margins (total, operating, and debt service coverage) using EBITDA.
- EBITDA margins aid analysts in understanding the underlying operating results of a hospital or health system without considering the influence of how an organization finances its operation.
- EBITDA does this by excluding non-cash expenses and not accounting for how a company uses its debt, equity, cash, or other capital sources to finance its operations.
- Use of EBITDA metrics varies among analysts and financial resources.

# Financial Metrics Can Vary Significantly Year to Year

**Financial metrics are highly volatile** to, among other things,:

- changes in demand for service
- economic swings (esp. with investments)
- changes in reimbursements and onetime payments (e.g. COVID-19 supplemental payments)





# Analytical Considerations for Measuring Hospital Financial Performance

**Analyses should consider ways to mitigate metric volatility to better understand the long-term financial outlook**

- Addressing volatility
  - Consider multiple years and multiple metrics.
  - Use medians when considering multiple facility performance.
  - Consider the influence of unrealized and realized gains in investments.
  - Compare similar facilities that are likely to be impacted by changes in similar ways.
  - Consider political, economic, and other circumstances that could influence financial performance.

# Analytical Considerations for Measuring Hospital Financial Performance

## How you calculate metrics matter.

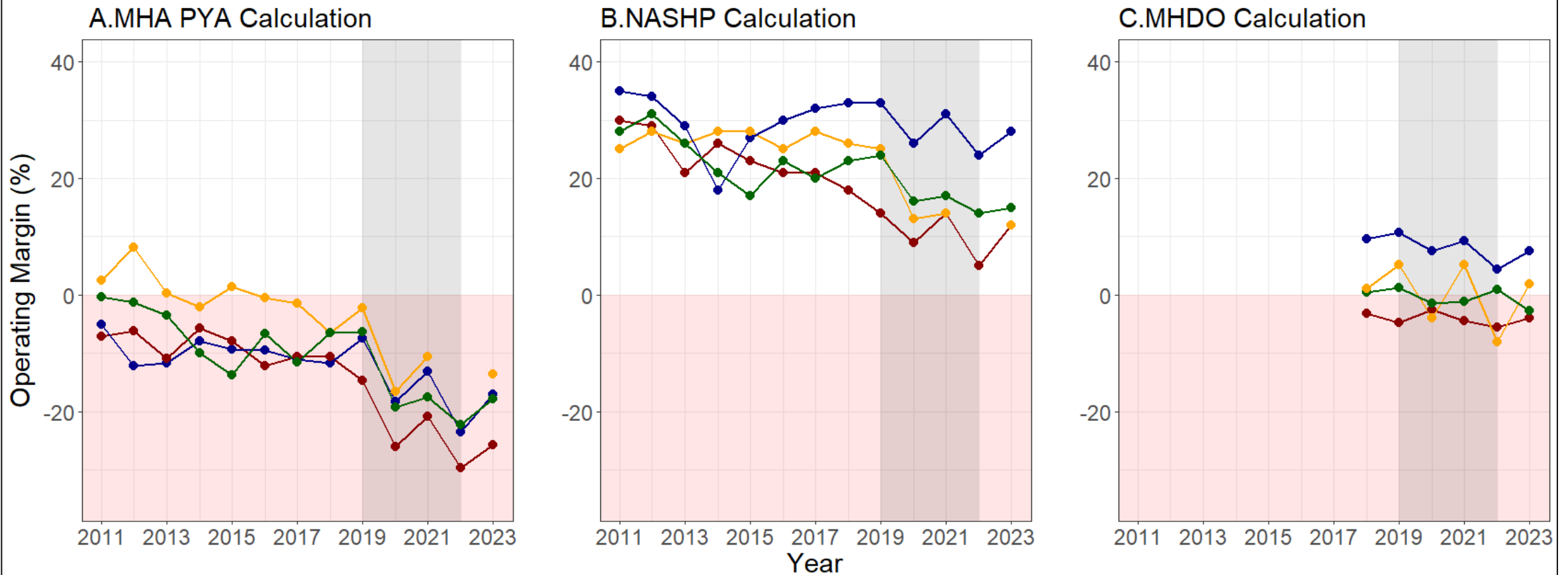
- Even though some metrics seem standard, there are several different ways to calculate financial metrics. It is important to consider what is and is not included in these calculations.
- For example –

| Source              | Operating Margin Calculation  | Median Value for Maine GAC Hospitals 2023 |
|---------------------|---|---|
| MHA PYA Calculation | Assumed: $(\text{Net Patient Revenue} - \text{Operating Expenses}) / \text{Net Patient Revenue}$  | -12%                                      |
| MHDO Calculation    | $((\text{Net Patient Revenue} + \text{Other Operating Income}) - \text{Operating Expenses}) / \text{Net Patient Revenue} + \text{Other Operating Income}$ | -2%                                       |
| NASHP Calculation   | $(\text{Net Patient Revenue} - \text{Hospital Operating Costs}) / \text{Net Patient Revenue}$   | 11%                                       |

# How You Calculate Metrics Matter

**Trend in Operating Margins for Maine Peer Group A Hospitals, 2011-2023**

● CENTRAL MAINE MEDICAL CENTER ● EASTERN MAINE MEDICAL CENTER ● MAINE MEDICAL CENTER ● MAINEGENERAL MEDICAL CENTER





## Next Steps

- Establishing a core set of “key metrics” for assessing hospital and health system financial performance for ongoing monitoring
  - Identifying performance target ranges based on best practices nationally and in other states
- Developing options to assess the contributing factors to financial performance