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Testimony of Representative Drew Gattine presenting
**LD 2196, An Act to Lower Health Insurance Costs, Reduce Barriers
to Health Care and Ensure Fair Prices for Health Care**
Before the Joint Standing Committee on Health and Human Services

Senator Ingwersen, Representative Meyer and colleagues on the Health and Human Services Committee, I am Representative Drew Gattine, and I am proud to serve House District 126, which includes portions of Saco, Scarborough and Westbrook. I am here today to present **LD 2196, An Act to Lower Health Insurance Costs, Reduce Barriers to Health Care and Ensure Fair Prices for Health Care.**

When it comes to affording health care, Maine families and businesses have been hit with a wave of bad news: skyrocketing health insurance costs, an explosion in medical debt, rising premiums, and letters from insurance companies warning that coverage will cost even more next year.

And we are already seeing the consequences. Enrollment in Maine's insurance marketplace dropped from nearly 65,000 people last year to about 58,000 this year. That's a drop of over 10% in just a year. The average premium for a family plan in Maine totaled over \$25,000 — nearly a third of the median household income in Maine.

When coverage becomes less affordable, people go without insurance. And when people lose insurance, they delay care. And when they delay care? Well, we know what happens next.

And here in the Legislature we talk a lot about the cost of health care and the real-life impact it has on Maine people and Maine businesses. And we take action within this Legislature to address the problem. But frankly a lot of the time that action, while important, doesn't actually make health care less expensive. Sometimes it improves access for one group of people or involves investment of public dollars to support a particular service or provide group. But it doesn't do anything to actually lower costs.

This bill is different. LD 2196 is a bill that if enacted would reduce the amount of health care spending in this state and slow down growth going forward.

LD 2196 does a number of things, but it focuses squarely on the growth in hospital costs.

Hospital spending makes up the largest share of health care costs in our state, and hospital prices have been growing far faster than inflation and household incomes. This has been happening for a long time.

Maine has some of the highest costs for hospital care in the country. Most Maine hospitals charge commercial insurers more than 250% of what Medicare considers a fair price. That drives up premiums, limits access, and forces people to make impossible choices about their health and their finances.

So we need to be honest. We will never be able to mitigate the growth in health care costs and the impact those costs have on the economic well-being of Maine families and businesses until we find a way to restrict the growth in hospital prices.

I have no doubt that you are going to hear testimony from providers who will try to tell you in the most dramatic way possible that lowering prices is bad. They are going to say that mitigating hospital costs will cause a crisis. But what we all need to understand is that the crisis is already here. The status quo is unsustainable. Sky-rocketing costs, far outpacing inflation year after year after year, resulting in the loss of insurance coverage will have a far more negative effect on the provider community than taking action now to rein in costs.

So let me explain what this bill does.

It puts a ceiling on hospital prices. Large hospitals will no longer be able to charge more than double what Medicare sets as a fair price, and the growth of hospital prices will be limited each year. That keeps costs predictable and stops extreme charges that drive premiums through the roof. Small rural hospitals are not subject to the ceiling nor are hospitals determined to financially distressed.

It reduces administrative barriers that get in the way of care. It puts limits on prior authorizations to cut through red tape and make it easier for patients to see their doctors and for doctors to deliver care.

It invests in the care people need most. Insurance companies will be required to pay at least 110% of Medicare rates for primary care and behavioral health services. That helps support the doctors, nurses, and clinics that keep our communities healthy. We've heard concerns from some providers who are already paid above that rate that insurers may decrease their payments if a floor is in statute, so I'll ask the committee to consider amending the language to address that by clarifying that payment should be the greater of that floor or the provider's existing negotiated rate.

Maine people not only bear the burden of this problem, they fully understand its cause and they want the type of solution contained in this bill. We know the public supports this. Nine out of ten Maine voters want limits on hospital prices, and a majority strongly support using those savings to expand access to primary care, mental health services, or lower insurance premiums. The people of Maine understand that high hospital prices are a major driver of the health care crisis — and they are urging us to take action.

Let's be honest, health care in Maine is controlled by small number of large hospital systems and a small number of powerful insurers that over the years have consolidated and accumulated tremendous market share. Those executives get in a room, close the door and decide how big the health care pie will be and how they are going to divide the pie among themselves. Nobody else is in that room. The people who ultimately pay the bills are not in that room. Employers are not in that room. Workers are not in that room. Families are not in the room. Elected representatives of the Maine people are not in the room. We need to be in the room. Until we are in that room this crisis will only continue to grow.

This bill opens that door and puts Maine people in that room.

Thank you.