



Testimony in Support of LD 331:

“Resolve, Directing the Department of Health and Human Services to Ensure Timely Reimbursement Under MaineCare Regarding Hospital Cost Reports”

Senator Ingwersen, Representative Meyer, and distinguished members of the Committee on Health and Human Services, my name is Harris Van Pate, and I serve as policy analyst for Maine Policy Institute. Maine Policy is a free market think tank, a nonpartisan, non-profit organization that advocates for individual liberty and economic freedom in Maine. Thank you for the opportunity to provide testimony in support of LD 331, "Resolve, Directing the Department of Health and Human Services to Ensure Timely Reimbursement Under MaineCare Regarding Hospital Cost Reports."

The Need for Timely MaineCare Reimbursement

Hospitals across Maine are essential in providing care to our residents, particularly in rural and underserved communities. However, delayed reimbursements from MaineCare place a significant financial strain on these institutions, limiting their ability to deliver high-quality care, invest in facility improvements, and retain essential healthcare staff. LD 331 addresses this issue by requiring the Department of Health and Human Services (DHHS) to reimburse hospitals at least 75% of the as-filed settlement from cost reports within 90 days of receipt.

Under the current system, hospitals face prolonged delays in receiving reimbursements for already-provided services. These delays create cash flow challenges, making it difficult for hospitals to cover operational costs, purchase medical supplies, and expand services to meet growing patient needs. By ensuring timely reimbursement, LD 331 will help stabilize Maine's hospital network, and support continued patient access to care.

Economic and Operational Benefits

- **Financial Stability for Hospitals**—Many Maine hospitals, mainly smaller and rural ones, operate on narrow financial margins. Delayed reimbursements create unnecessary financial uncertainty, potentially leading to service reductions or staff layoffs. By guaranteeing at least 75% reimbursement within 90 days, LD 331 provides a much-needed financial cushion, allowing hospitals to plan and allocate resources effectively.
- **Improved Patient Care**—Ensuring hospitals receive timely payments means they can focus on their core mission—delivering high-quality patient care. Hospitals struggling financially often leads to longer wait times, reduced service availability, and difficulty retaining skilled healthcare professionals. This



legislation will help mitigate these challenges by providing hospitals with more predictable revenue streams.

- **Preventing Cost Shifting** – When hospitals face funding shortfalls due to delayed MaineCare payments, they often compensate by shifting costs to commercially insured patients, increasing healthcare costs for businesses and individuals. Timely reimbursement under LD 331 will help curb this practice, leading to more equitable healthcare pricing across the system.
- **Alignment with Fiscal Responsibility**—LD 331 mandates DHHS implement these reimbursement changes within existing resources. This ensures that necessary reforms are made without increasing the financial burden on taxpayers. The department can fulfill its obligation to hospitals by streamlining administrative processes while maintaining fiscal discipline.

Conclusion

LD 331 is a common-sense solution that supports Maine hospitals, protects patient access to care, and promotes responsible fiscal management. By ensuring that hospitals receive at least 75% of their as-filed cost report settlements within 90 days, we can strengthen our healthcare infrastructure and safeguard services for Maine families.

For these reasons, we respectfully urge the committee to support LD 331. Thank you for your time and consideration.