



LD 1795 An Act to Change the Calculation for Municipal Service Charges for Tax-exempt Organizations

LD 438 An Act to Allow Municipalities to Limit Nonprofit Property Tax Exemptions

Testimony in Opposition

May 6, 2025

Senator Grohoski, Representative Cloutier, and members of the Committee on Taxation, my name is Lisa Harvey-McPherson RN. I am submitting testimony in opposition to these bills on behalf of Northern Light Health and our member organizations. Northern Light Health member organizations include 10 hospitals located in southern, central, eastern, and northern Maine, nursing facilities, air and ground ambulance, behavioral health, addiction treatment, pharmacy, primary and specialty care practices, and a state-wide home care and hospice program. Ninety three percent of Maine's population lives in the Northern Light Health service area. Northern Light Health is also proud to be one of Maine's largest employers with more than 10,000 employees statewide.

Northern Light Health hospitals, homecare/hospice team, and clinicians throughout our health system provide a wide range of free or reduced cost programs and services to those who are sick, injured, or disabled. In addition, a vital role of Northern Light Health member organizations is to assess community needs and improve population health through prevention efforts. Community benefits are provided via a broad range of community health improvement efforts. They are programs, services, and investments designed to improve the health of our communities and increase access to healthcare in response to identified community health needs. Community benefit activities are integral to the mission of Northern Light Health and are the basis of tax exemption. While often unnoticed, Northern Light Health contributions improve population health and promote wellness for all who live, play, learn, and work in our communities.

Every year Northern Light Health publishes a community benefit report that highlights our commitment to community improvement by quantifying the value of programs, services, and charitable care provided. For fiscal year 2024, our system wide community benefit totaled \$320,215,409. Here is a link to the report:

<https://northernlighthealth.org/getattachment/Community-Health-Needs-Assessment/Community-Benefit-Reports/FY-2024-Community-Benefit-Report.pdf.aspx?lang=en-US>

Fiscal year 2024 was also a challenging year for Northern Light Health. The 2024 operating loss totaled \$156 million, creating tremendous fiscal pressure on our organization and the services we provide.

As we transitioned out of the COVID-19 pandemic we focused on restoring service volume to meet the care demands of our patients. We believe that caring for our

Northern Light Health
Government Relations
43 Whiting Hill Road
Brewer, Maine 04412

Office 207.861.3282
Fax 207.861.3044

Northern Light Health

Acadia Hospital
A.R. Gould Hospital
Blue Hill Hospital
C.A. Dean Hospital
Eastern Maine Medical Center
Home Care & Hospice
Inland Hospital
Maine Coast Hospital
Mayo Hospital
Mercy Hospital
Northern Light Health Foundation
Northern Light Pharmacy
Sebasticook Valley Hospital

communities would also restore financial stability to our hospitals and community-based services. As our services volumes grew, we came to a tough realization that the escalation in costs we experienced during the pandemic for labor, pharmaceuticals, and medical supplies – really everything we do – have now permanently reset at a much higher level. Revenues for our services largely come from governmental payments (Medicare and Medicaid) that chronically reimburse us less than the cost of care. Sixty-six percent of our revenue comes from governmental payers. In 2024, our government underpayment reached an historic level with a payment gap of nearly \$300 million. This is the core financial challenge driving our negative financial performance.

The bills before you today will exacerbate our financial challenges by allowing municipalities to limit our tax exemption or assess service charges to our member organizations throughout the State of Maine. We strongly oppose legislation that diverts critical financial resources away from patients in need of care. The risk to limiting access to vital services in our communities is very real as we are already working to align our cost structures with revenues that fall far short of the resources needed to cover the cost of care provided every day to the people of Maine.

Thank you for the opportunity to comment in opposition to this legislation.