

## Written Testimony in Support of LD 1578

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**Honorable Members of the Committee,**

I am submitting this testimony in **strong support of LD 1578**, which seeks to establish a **mechanism for State review** of the **disruption or removal of healthcare services** and ensure that such changes are in compliance with **Certificate of Need (CON) agreements**.

Below, I have outlined key points supporting this bill.

### **Background and Need for LD 1578:**

- **2008 CON Agreement:**
  - **Waldo County Healthcare, Inc. (WCHI)** entered into a **formal CON agreement with MaineHealth**.
  - The agreement **ensured the following:**
    - **The Waldo community would retain control over local healthcare assets**
    - **Our community would have veto power over discontinuation of individual healthcare services**
    - **Our healthcare system would have selection of a local governing board with Maine Health holding veto power over individual Board member selection but only with cause.**
    - **Waldo County would hold one seat on the MaineHealth Board.**
- **2015 Merger:**
  - **WCHI merged into PenBay Healthcare, Inc. with dissolution of WCHI as a result of the merger, marking the first step in the loss of local control.**
  - This merger resulted in the **reallocation of donations and assets** intended for local healthcare, with **no public notice filed in Waldo County**—a violation of Maine’s Certificate of Need **public notice requirements**.
  - The Waldo community remained largely unaware of the impending CON application and the ensuing changes in local control.
- **2018 Merger:**
  - **MaineHealth merged over a dozen of its healthcare subsidiaries, including Waldo County General Hospital (WCGH), into another of its subsidiaries, Maine Medical Center, with Maine Medical Center becoming the sole surviving entity.**
  - Per **DHHS requirements and precedents set in earlier MaineHealth Certificate of Need applications**, such a change in governance required a DHHS

CON analysis. **No CON letter of intent was filed and no DHHS review was conducted for this merger.**

- The **community's strong opposition** was **ignored**.
- Waldo County healthcare entities were not the only healthcare entities merged and dissolved in spite of pre-existing CON agreement in place but too old for ongoing DHHS oversight.
- 17 days prior to this merger, Maine Medical Center formally changed its name to MaineHealth and MaineHealth began a series of formal name changes, eventually become MaineHealth Services
- **Financial Impact:**
  - **MaineHealth transferred \$½ billion in assets from local healthcare systems to Maine Medical Center, with no State oversight.**
  - **The asset transfer, reported at book value, was significantly understated given the significant amount of healthcare associated real estate that was transferred.**
    - **IRS form 990 instructions require use of fair market valuation in reporting transfer of assets in a merger.**
  - **Donations and local assets** intended by each community to be used for their local healthcare needs were included in the transfer, raising concerns over potential violations of both Federal and State donor protection laws.
  - **Local services** continue to be **reduced**, despite **community opposition** and **Waldo County's General Hospital's continued profitability**.
  - **We want these services. We can pay for these services. We are ignored.**

### **Why LD 1578 is Important:**

- **LD 1578** provides a **mechanism for State review of discontinued services** to ensure that such actions comply with **prior CON agreements**.
  - [State oversight is currently limited to 3 years under the Maine Certificate of Need Act of 2001.]
- This bill ensures that **healthcare systems** are held **accountable** for **violating agreements** made with local communities and prevents further **loss of local control** over healthcare services.
- Communities that entrust the future of their healthcare systems by engaging in DHHS controlled Certificate of Need processes, must be able to rely on the State granted rights under those agreements. If they cannot, Maine residents will lose trust in the process.

### **Conclusion:**

- **LD 1578** is a critical **first step** in ensuring **greater transparency, confidence and accountability** in healthcare governance.
- I urge the Committee to support this bill to protect **local healthcare services** and ensure **community involvement** in healthcare decision-making.

**Thank you for your time and consideration.**

