



To: Joint Standing Committee on Health and Human Services

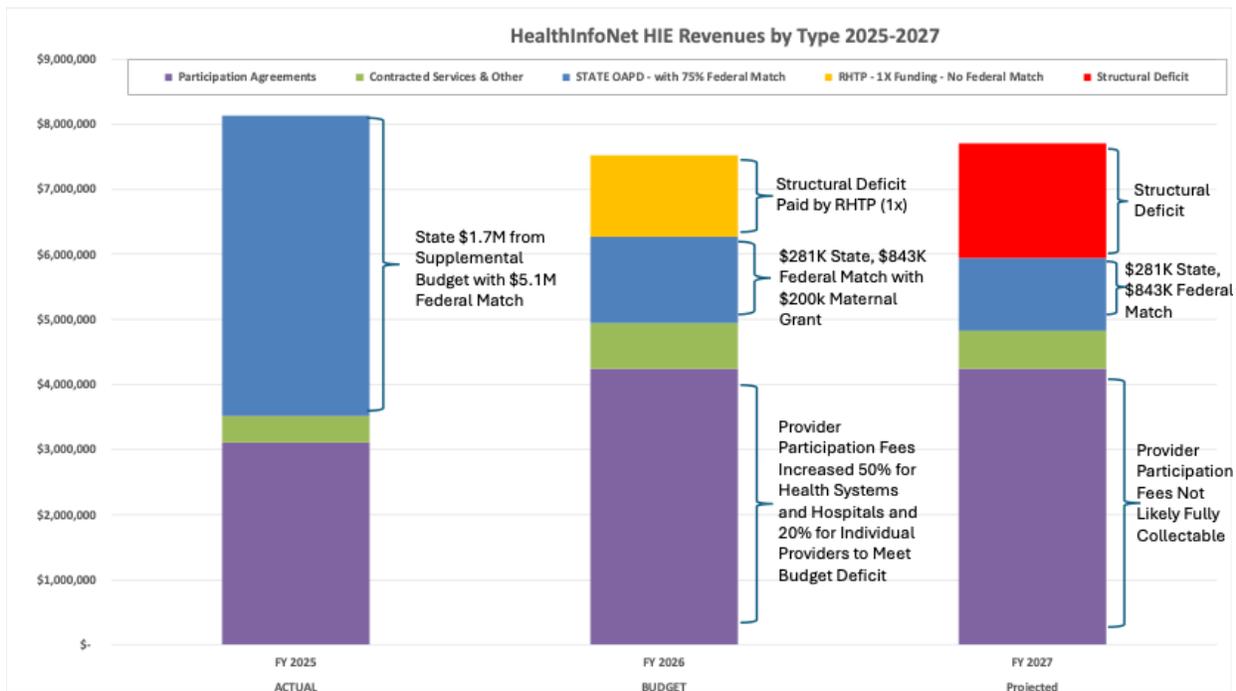
From: Shaun Alfreds, Kim Cook, Esq. on behalf of HealthInfoNet

Date: February 10, 2026

Re: State Designated Statewide HIE Revenue History and Projections for Fiscal Years 2025-2027

In support of your work session on LD 2154, HealthInfoNet is providing information related to the current budget of the State Designated Statewide Health Information Exchange (HIE) and supporting information explaining sources and the gaps for our FY 2026 (Oct. 1, 2025 – Sept. 30, 2026) and FY 2027 (Oct. 1, 2026 – Sept. 30, 2027) should LD 2154 not be approved.

HealthInfoNet’s annual revenue needs in FY2025 were \$8.1M, based on the HIE’s annual operating expenses. Revenue needs are projected to be \$7.5M for FY2026 and \$7.7M for FY2027. Below is the breakdown of that revenue by source:



Because the Legislature did not approve the proposed hospital bed tax or general fund monies in the Biennial budget in 2025, the State could not provide the full matching funds for FY 2026, and we forfeited \$4.5million in federal funds for FY26. This left a combined hole of \$2.6 million in FY26. To make up some of this revenue, HIN had to raise participation fees of the hospitals by 50% and the providers, 20%. Even with this increase, the HIE has a structural deficit of \$1.3M which the State DHHS has committed to use Rural Health Transformation Program funds to cover on a one-time basis (not yet allocated).

**Hospitals and providers have expressed that this fee increase is not sustainable and if presented with the same fee schedule for FY 2027 many will drop out of the HIE.**

For FY 27, we project a structural deficit of \$1.7 million if all the providers pay the increased amount.

**Without LD 2154, the HIE will likely lose participation, resulting in decreased clinical value to the providers and patients across Maine and would not have the funding to stay operational, thereby becoming insolvent.**

LD 2154 creates a means to fill the budget deficit, reduce or eliminate provider fees for the HIE (saving up to \$4.3M per year), and create a sustainable ongoing financial model for the operations of the State Designated Statewide HIE.

### **How Other States Fund their HIEs**

Multiple states including Alabama, Alaska, Connecticut, Maryland, New Jersey, New Mexico, Rhode Island, Vermont, and West Virginia use State funds to match federal funding in support of their health information exchange organizations. In 2024, the Maine Legislature also provided \$1.7 million in state funding for the HIE and drew federal matching funds totaling \$5.1 million.

To qualify for federal matching funds, a HIE must be approved by CMS for this federal 3:1 match funding by providing documentation as to the percentage of the HIE operation that benefits Medicaid – called a cost-allocation methodology. **For Maine, the HIE was approved with one of the highest cost allocation methodologies in the nation, 97.8%.** This is directly attributable to the depth and breadth of the data connections made by the HIE, the significant usage of the HIE in clinical treatment, and the advanced technologies used by our HIE to assess relative risk of cost and utilization of both Medicaid and non-Medicaid members, thereby offering tools for proactive prevention that allow for clinical interaction with a patient before a costly event occurs – saving money and improving wellness.

