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Maine Department of Health and Human Services
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February 18, 2026

Senator Bailey, Chair
Representative Mathieson, Chair
Members, Joint Standing Committee on Health Coverage, Insurance and Financial Services
100 State House Station
Augusta, ME 04333-0100

Re: LD 2197 — *An Act to Prohibit the Sale and Leaseback of a Health Care Entity's Main Campus to a Real Estate Investment Trust as Recommended by the Commission to Evaluate the Scope of Regulatory Review and Oversight over Health Care Transactions That Impact the Delivery of Health Care Services in the State*

Senator Bailey, Representative Mathieson and members of the Joint Standing Committee on Health Coverage, Insurance and Financial Services:

Thank you for the opportunity to provide information in opposition to LD 2197, *An Act to Prohibit the Sale and Leaseback of a Health Care Entity's Main Campus to a Real Estate Investment Trust as Recommended by the Commission to Evaluate the Scope of Regulatory Review and Oversight over Health Care Transactions That Impact the Delivery of Health Care Services in the State*.

The intent of this bill is to prohibit the Department from licensing a health care entity that enters any arrangement with a real estate investment trust for the sale and leaseback of the health care entity's main campus or primary location to the real estate investment trust. This leaseback practice may expose a health care entity to financial risk if it is unable to manage the debt payments required for such a transaction. The commission believes that it is appropriate to ban this practice to protect health care entities from experiencing the financial problems caused by this practice in other states. This bill would expand the Certificate of Need review of leases and ownerships for healthcare entities to determine if they involve real estate trust leaseback arrangements.

While we understand the intent of the commission was to exclude nursing homes from the prohibition the bill would impose, the Department opposes the bill's changes to the definition of a health care entity and a healthcare facility for this specific section of statute that excludes nursing homes from that definition. This creates both confusion and conflict in the statutes over what is/is not a healthcare entity. The proposed changes would create difficulties for both OMS and Audit because it would prohibit DLC from licensing several facilities.

Additionally, the bill only prohibits the issuance of a license to a hospital if the Main Campus is leased, allowing for the leasing of outpatient facilities and off-campus practice locations.

The Department would recommend that the Committee consider passing LD 2201 instead, as the goals of this legislation may be more effectively met by that proposal in a logistically possible way.

Please feel free to contact me if you have any questions during your deliberation of this bill.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Montejo", written over a light-colored rectangular background.

Bill Montejo

Director

Division of Licensing and Certification

Maine Department of Health and Human Services