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Commissioner



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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 2198 — *An Act to Implement Certain Recommendations Related to the Ratio of Debt to Equity in Transactions Involving Health Care Entities from 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 neither for nor against LD 2198, *An Act to Implement Certain Recommendations Related to the Ratio of Debt to Equity in Transactions Involving Health Care Entities from 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*.

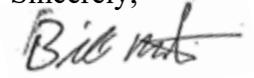
The intent of this bill is to prohibit any person from entering a transaction involving a health care entity in which the ratio of debt to equity is greater than 50%. It is not clear if the language as written in the bill would prohibit a healthcare system, corporation, etc. from entering a transaction with a healthcare entity in which there would be a high debt to equity ratio because the proposed statute is specific to “person.”

The Commission to Evaluate the Scope of Regulatory Review and Oversight over Health Care Transactions, of which I was a member, received a presentation and recommendation from Dr. Zirui Song of Harvard Medical School, which noted that, in general, a private equity healthcare acquisition involves a 30% equity to 70% debt ratio. This bill would prohibit such high debt ratios consistent with Dr. Song’s recommendation and would require additional analysis by the Certificate of Need unit to assess each health care entity’s debt-to-equity ratio. This bill seeks to minimize the amount of debt transferred to Maine health care entities, as part of these transactions as a high debt ratio could put Maine healthcare entities at serious financial risk.

It is important to note that the bill appears to apply to all healthcare transactions, not only those subject to Certificate of Need. As such, the Department would need additional resources to conduct the analysis required by the bill.

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

Sincerely,

A handwritten signature in black ink that reads "Bill Montejo". The signature is written in a cursive style with a horizontal line extending from the end.

Bill Montejo

Director

Division of Licensing and Certification

Maine Department of Health and Human Services