



Testimony 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”

Senator Bailey, Representative Mathieson, and distinguished members of the Joint Standing Committee on Health Coverage, Insurance and Financial Services, my name is Montana Towers, and I serve as policy analyst for Maine Policy Institute. Maine Policy is a free-market think tank, a nonpartisan, nonprofit organization that advocates for individual liberty and economic freedom in Maine. Thank you for the opportunity to submit testimony 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.”

Unwanted Government Interference in Private Markets

At its core, this bill prohibits the Department from licensing a health care entity if its main campus is subject to a sale-leaseback arrangement with a real estate investment trust. Health care organizations as well as other industries widely use sale-leaseback transactions as a well-established financial tool. These arrangements allow organizations to unlock capital tied up in real estate and reinvest it in core operations such as staffing, technology, equipment, and patient services.

By singling out one specific ownership and financing model and banning it outright, LD 2197 unnecessarily expands government authority into private business decisions that are best left to providers, lenders, and investors, not regulators.

The Bill Risks Reducing Access to Care, Especially in Rural Maine

Many Maine hospitals and health care facilities, particularly in rural and underserved areas, operate on thin margins and face mounting financial pressures. Sale-leaseback transactions can provide critical liquidity that allows these facilities to remain open, modernize infrastructure, or expand services. Restricting access to this form of private capital will not improve patient care and may even harm it. LD 2197 risks making it harder for health care entities to remain financially viable, and could accelerate consolidation, service reductions, or even closures.



A Dangerous Precedent for Future Regulation

Finally, LD 2197 sets a troubling precedent. If the Legislature prohibits one lawful financing model in health care today, it invites future restrictions on other private transactions tomorrow. This incremental expansion of regulatory control undermines Maine's competitiveness and sends a negative signal to investors considering whether to deploy capital in our state.

Conclusion

Restricting private investment will not solve Maine's health care challenges, nor will micromanaging how providers structure their finances. Instead, policymakers should focus on reducing regulatory barriers, encouraging competition, and allowing health care entities the flexibility they need to adapt and innovate freely.

For these reasons, Maine Policy Institute strongly urges this committee to vote "Ought Not to Pass" on LD 2197. Thank you for your time and consideration.