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Oppose LD 2196 An Act to Lower Health Insurance Costs, Reduce Barriers to Health Care and Ensure Fair Prices for Health Care

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Senator Ingwersen, Representative Meyer, and Distinguished members of the Health and Human Services Committee:

My name is Michael Senecal, and I am here today as the President of the Maine Ambulance Association, representing EMS agencies from every region of our state. I am submitting this testimony in strong opposition to LD 2196, a bill that would impose severe and unsustainable reductions in commercial insurance reimbursement to Maine's hospitals. According to the materials prepared by the Maine Hospital Association, the caps and growth limits proposed in LD 2196 would result in over \$1 billion in annual cuts, placing hospitals — large and small, rural and urban — at serious risk of closure, including Maine's Critical Access Hospitals.

The bill would restrict payment for inpatient and outpatient services to 200% of Medicare while limiting charge growth to the Medicare hospital market basket rate, without accounting for the true cost of delivering care. These reductions would force hospitals to eliminate services, reduce staffing, and in some cases close their doors entirely.

For EMS providers, this is not an abstract policy concern — it is a direct and immediate threat to our ability to respond to medical emergencies and save lives. Maine's EMS system is already operating under extreme pressure, both financially and operationally. Two years ago, EMS reimbursement from private insurance carriers was capped at 200% of Medicare, which is now causing financial strain across the ambulance industry. LD 2196 would magnify that hardship exponentially.

When hospitals close or cut essential services, ambulances are left with fewer destinations and longer transport requirements. Hospital closures would eliminate access to primary care, behavioral health, advanced cardiovascular care, oncology, and even highly specialized services such as trauma care and neonatal intensive care. As those services disappear, patients increasingly turn to EMS for urgent, unmet needs, significantly increasing call volume and straining response capacity.

Longer transport distances mean ambulances are off the road for extended periods, reducing availability for 911 calls and interfacility transfers. This scenario is already occurring in some rural parts of Maine; LD 2196 would make it dramatically worse statewide. With fewer hospitals able to accept patients, EMS agencies will shoulder the burden of increased travel time, higher fuel and staffing costs, and greater workforce fatigue.

The fact sheet further notes that eight of Maine's twenty-three rural hospitals are presently failing key financial metrics, including cash on hand and operating margins, even before facing the cuts proposed under LD 2196. The loss of these hospitals would leave vast geographic regions without emergency departments, forcing EMS services to absorb the consequences.

LD 2196 also fails to address the true drivers of healthcare costs. 90% of premium increases stem from inflation and healthcare utilization, not hospital pricing. More than 60% of hospital services are reimbursed by Medicare and Medicaid, which pay below the cost of delivering care. Hospitals rely on commercial insurance to offset these losses so they can keep their doors open and maintain community access. By capping commercial reimbursement at unsustainably low levels, LD 2196 undermines the financial foundation of hospitals and destabilizes the entire healthcare continuum — including EMS.

The Maine Ambulance Association is deeply concerned that LD 2196 would push an already fragile emergency care infrastructure past the tipping point. Ambulance services cannot function without hospitals. We rely on them not only to receive patients, but also to provide stabilization, specialty care, trauma services, and interfacility transfer destinations. If LD 2196 results in hospital closures or service eliminations, Maine's EMS providers will face longer transports, reduced unit availability, increased cost burdens, and greater risks to patient outcomes.

For these reasons, and on behalf of EMS agencies across the state, I strongly urge the Committee to oppose LD 2196. Maine needs thoughtful, collaborative, and sustainable reform — not a measure that threatens to dismantle hospital access, destabilize emergency response capabilities, and jeopardize the health and safety of Maine people.

Thank you for your time and careful consideration.

Michael Senecal
President
Maine Ambulance Association