

**Testimony in Support of 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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Good afternoon, Senator Ingwersen, Representative Meyer, and members of the Joint Standing Committee on Health and Human Services. My name is James Myall, and I’m a policy analyst at the Maine Center for Economic Policy. I’m here to testify in support of LD 2196, “An Act to Lower Health Insurance Costs, Reduce Barriers to Health Care and Ensure Fair Prices for Health Care.” Because MECEP believes that constraining health care prices is an essential component of making health care affordable for everyone.

I’ll begin by saying that MECEP does not endorse a price control bill lightly. In many contexts, price controls can create market distortions and unwanted side effects that end up harming the people they are designed to help. However, health care is not, and should not, be seen as normal market subject to supply and demand. Health care is a product which can have infinite value for the consumer, which is why we end up with astronomical prices for some treatments. Health care is a human right and it is appropriate to prevent potential price gouging through price controls.

In a memorably-titled paper, a team of health economists summed the problems with the US health care system up as “It’s the Prices, Stupid.”<sup>1</sup> Americans spend more on health care not primarily because we are sicker or use wasteful services. Even the administrative bloat in the system is not the main cause of higher costs. It’s the failure to negotiate fairer prices, and that’s what LD 2196 seeks to address.

The data shows us just how much of a problem hospital pricing is for Mainers. Hospital spending is the single largest category of health care spending (accounting for 39% of expenditures in Maine) and per-capita expenditures have grown three-and-a-half times as fast as inflation over the past two decades.<sup>2</sup>

Meanwhile, 41% of Maine households have medical debt and the vast majority of that is a result of a hospital visit.<sup>3</sup> This debt makes it harder for Mainers to afford basic expenses like housing and food, while leading them to put off necessary care. Almost three quarters of Mainers have put off seeking medical treatment due to the cost in the past two years.<sup>4</sup>

MECEP acknowledges that Maine’s major health care systems have concerns about LD 2196, some of which are understandable. However, Maine would not be the first state to

adopt a measure like this. When Oregon capped hospital prices in the state's health insurance plan, the state's hospitals didn't see a big decline in revenue, and didn't lead to reduced care quality, despite saving the state health plan tens of millions of dollars.<sup>5</sup> Meanwhile patients paid less and were able to access more care.<sup>6</sup> A number of other states have either passed, or are seeking to pass, similar bills for their state health plans or, like LD 2196, for the commercial market more broadly.<sup>7</sup>

Rather than the mass layoffs that some hospital executives are predicting, health care systems do have other ways to respond to the price cap. They can raise the price of services which are currently under the cap (and indeed LD 2196 mandates a price floor for the most essential primary care services). They can cut back on capital expenditures like new buildings or the latest technology which attract patients but don't necessarily increase the quality of care. Similarly, they can cut back on advertising expenses and find other back-office administrative savings. In other words, they can become more efficient in the delivery of services.

The current language in LD 2196 may not be perfect. MECEP is open to changes which can accommodate some provider concerns while still tackling the root of the problem, which is uncontrolled pricing, and we would be happy to engage in discussions over potential changes.

Thank you for your time. I'm happy to answer any questions.

## Notes

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<sup>1</sup> Gerard F Anderson et al, "It's The Prices, Stupid: Why The United States Is So Different From Other Countries." *Health Affairs* Vol 22 No 3. May/June 2003.

<https://www.healthaffairs.org/doi/10.1377/hlthaff.22.3.89> See also Gerard F. Andersen, Peter Hussey and Varduhi Petrosyan, "It's Still The Prices, Stupid: Why The US Spends So Much On Health Care, And A Tribute To Uwe Reinhardt." *Health Affairs* Vol 38, No 1. Jan 2019.

<https://www.healthaffairs.org/doi/10.1377/hlthaff.2018.05144>

<sup>2</sup> [Maine] Office of Affordable Health Care, *Presentation to the Joint Standing Committee on Health and Human Services*. Feb 19, 2026. <https://legislature.maine.gov/doc/12363>

<sup>3</sup> Consumers for Affordable Health Care, *Examining Maine Voters' Views on Health Care Affordability and Medical Debt in Maine Results of a Statewide Survey Conducted on Behalf of Consumers for Affordable Health Care by Digital Research, Inc.* February 2026.

<https://drive.google.com/file/d/1OOD5JGNgeiJC14WzEn1xHxSkW48uajZS/view>

<sup>4</sup> Ibid.

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<sup>5</sup> Roslyn C. Murray, Andrew M. Ryan and Christopher M. Whaley, *Hospital Finances, Operations, And Patient Experience Remain Stable After Oregon's Hospital Payment Cap Was Implemented*. *Health Affairs* Vol 44, No. 12. Dec 2025. <https://www.healthaffairs.org/doi/abs/10.1377/hlthaff.2025.00682>

<sup>6</sup> Roslyn C. Murray, Edward C. Norton, and Andrew M. Ryan, "Oregon's Hospital Payment Cap and Enrollee Out-of-Pocket Spending and Service Use." *JAMA Health Forum* Vol 5, No 8. Aug 23, 2024. <https://jamanetwork.com/journals/jama-health-forum/fullarticle/2822684>

<sup>7</sup> Nathan Hostert et al., "How States Are Using Hospital Price Caps To Save Money." *Health Affairs* Oct 9, 2025. <https://www.healthaffairs.org/content/forefront/states-using-hospital-price-caps-save-money>