March 5, 2026

NASHP | NATIONAL ACADEMY FOR STATE HEALTH POLICY

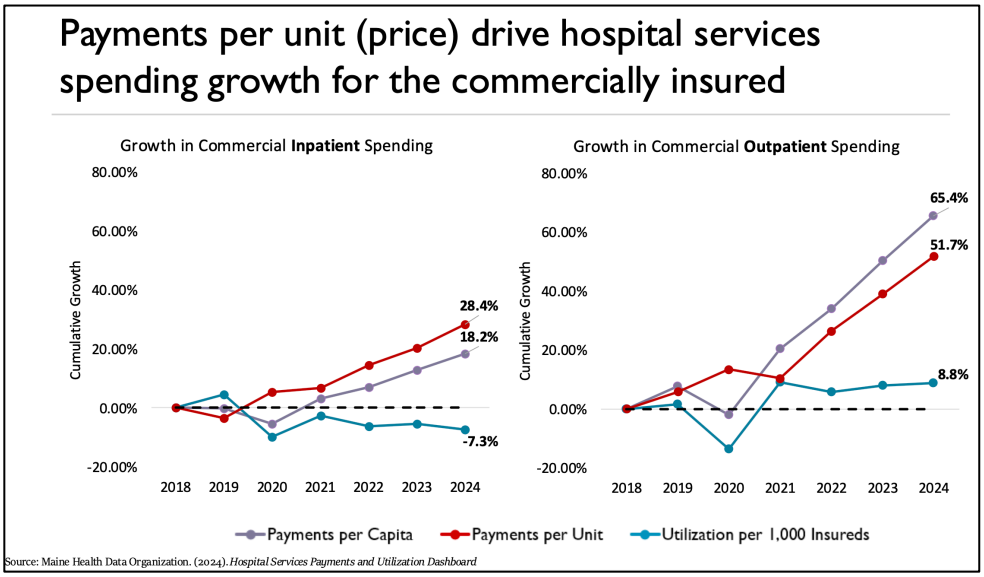
Testimony related to Maine's LD 2196 submitted by Maureen Hensley-Quinn, Senior Director, of Coverage, Cost and Value at the National Academy for State Health Policy (NASHP) on March 5, 2026.

NASHP is a non-partisan forum of state policy makers that works to develop and promote innovative health care policy solutions at the state level. We approach our work by engaging and convening state policy makers, including legislators, to solve problems. We conduct policy analysis and research, and we provide technical assistance to states.

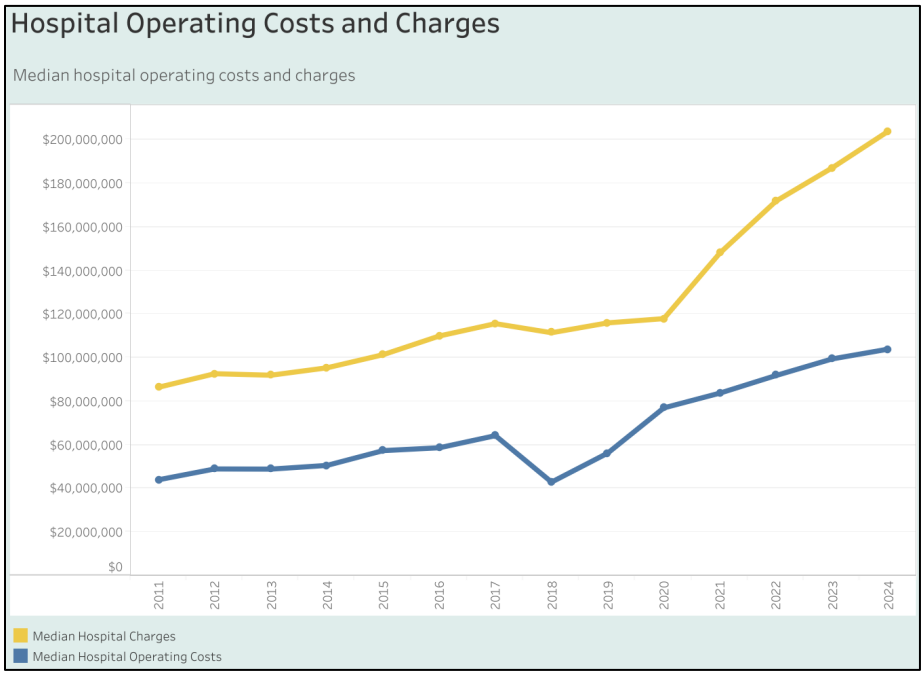
We submit this testimony neither for or against a particular bill, but to provide analysis and information from available data sources on hospital costs, as well as to share relevant state experience to date. This is part of our Hospital and Health System Cost work, which seeks to provide state resources to support their pursuit of increased affordability while ensuring access to essential providers, for which comprehensive health coverage is critical. Our testimony offers additional background information and context on: (1) hospital prices in Maine, (2) health system consolidation, and (3) state policy solutions aimed at lowering hospital prices and improving affordability.

1. Maine Hospital Prices

NASHP's hospital cost tool uses Medicare Cost Reports (MCR) submitted annually by approximately 5,000 hospitals, including those in Maine. According to the 2024 data, Maine's median hospital net patient revenue per adjusted discharge ($16,787) is higher than the national median ($14,210) with statewide median patient discharges (7,631) lower than the national (9,609). These data indicate Maine prices for hospital care is higher than the national median and it is not necessarily driven by utilization. This is affirmed by the data below from the Maine Health Data Organization.



NASHP's hospital cost tool also highlights that while hospital costs are rising, their charges that reflect the price consumers and health plans pay are rising faster. The chart below shows the Maine statewide median operating costs (blue line) compared to charges (yellow line).



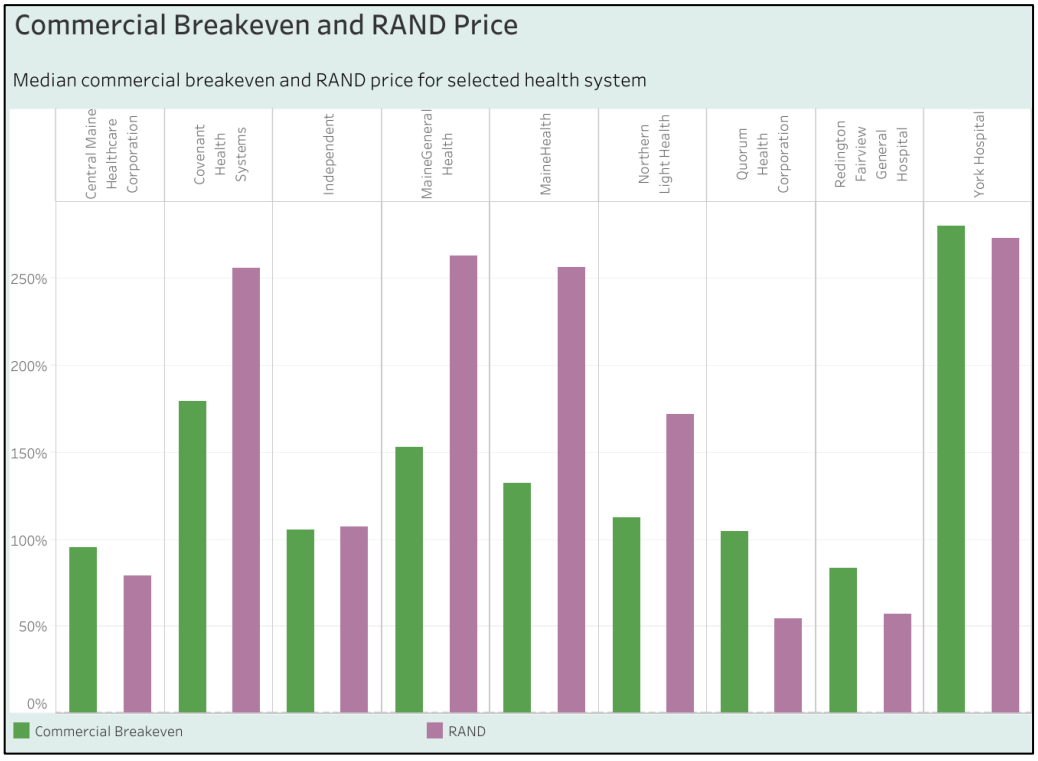
2. Health System Consolidation

Research, including a 2025 U. S. Government Accountability Office (GAO) study, concludes that consolidation of hospitals and providers into large health systems creates a market power dynamic that increases health care prices without a corresponding rise in quality. Maine does have two dominant health systems – Maine Health and Northern Light.

NASHP used publicly available sources, including the MCRs, Audited Financial Statements, bond reports, etc. to create organizational charts for both of Maine's major health systems (see appendix). As we see with other major hospital systems, Maine's systems have multiple hospitals and provider groups, and also include related medical entities, such as labs and pharmacies, as well as management and real estate entities. Large hospital sytems provide diverse revenue that can be valuable, but can also increase non-patient expenses.

As part of the hospital cost tool, at state officials' request, NASHP provides a breakeven metric for individual hospitals and health systems. Breakeven is the amount, using Medicare's rate, that a commercial payer needs to reimburse a hospital or system to cover the costs of providing patient care with no profit. The measure considers profits and losses, including those incurred for providing care to uninsured individuals or possible underpayments from public payers. For instance, based 2024 data (the latest available), the national median breakeven is 112 percent of Medicare's rate and the statewide Maine median breakeven is 117 percent of Medicare's rate. These data points indicate that Maine is relatively close to the national breakeven and indicate that Medicare's rate is close to covering the median costs to hospitals in providing patient care.

Recognizing that hospitals need some profit, states typically compare the NASHP breakeven metric for their hospitals and health systems to data provided by RAND that share how much employer-sponsored health plans pay for hospital care (as a multiple of Medicare). The below chart from NASHP's hospital cost tool, shows Maine's 2024 health systems' commercial breakeven (the amount needed by plans to cover hospital expenses for patient care without a profit) compared to the price paid for hospital patient services (sourced from RAND's analyses.) The comparison varies by system, and if all of Maine's hospitals were shown, it would vary by hospital.



3. **State Policy Solutions**

Reference-based pricing that uses Medicare

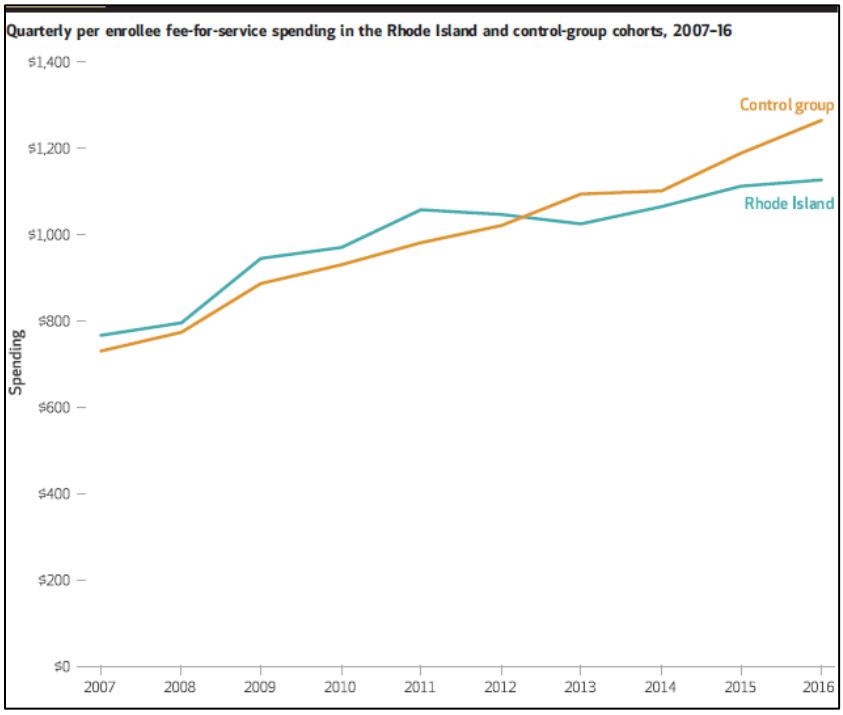
Essentially, reference-based pricing is a payment reform that seeks to reimburse at cost plus some level of profit rather than using the typical discount from chargemasters, which is established by hospitals/health systems. Medicare's rate is a particularly popular reference because it is a well known payer, and the Medicare Payment Advisory Commission (MedPAC), the commission that makes recommendations for Medicare rates, does so with the intention of covering hospitals' costs of providing care, but also constraining rising costs.

During the state 2024-2025 legislative sessions, thirteen states proposed reference pricing in the form of targeted pilots, for their state employee health plans, and even across the entire market. To date, Oregon, Indiana, Vermont, and Washington are at various stages of implementation of this approach. Each state is using the payment reform differently – Oregon has the most experience using it for its public employees, and Indiana has some limited experience using it within its large hospitals but has enacted policy that is not yet fully implemented to expand reference-based pricing.

There are employer groups that leverage reference-based pricing through contracts across the nation, but NASHP is unaware of a comprehensive review of their efforts. Anectdotally, employers have shared that because contracts are subject to re-procurement, having legislative support for this approach would provide more stability.

Using insurance rate review to contain hospital price growth

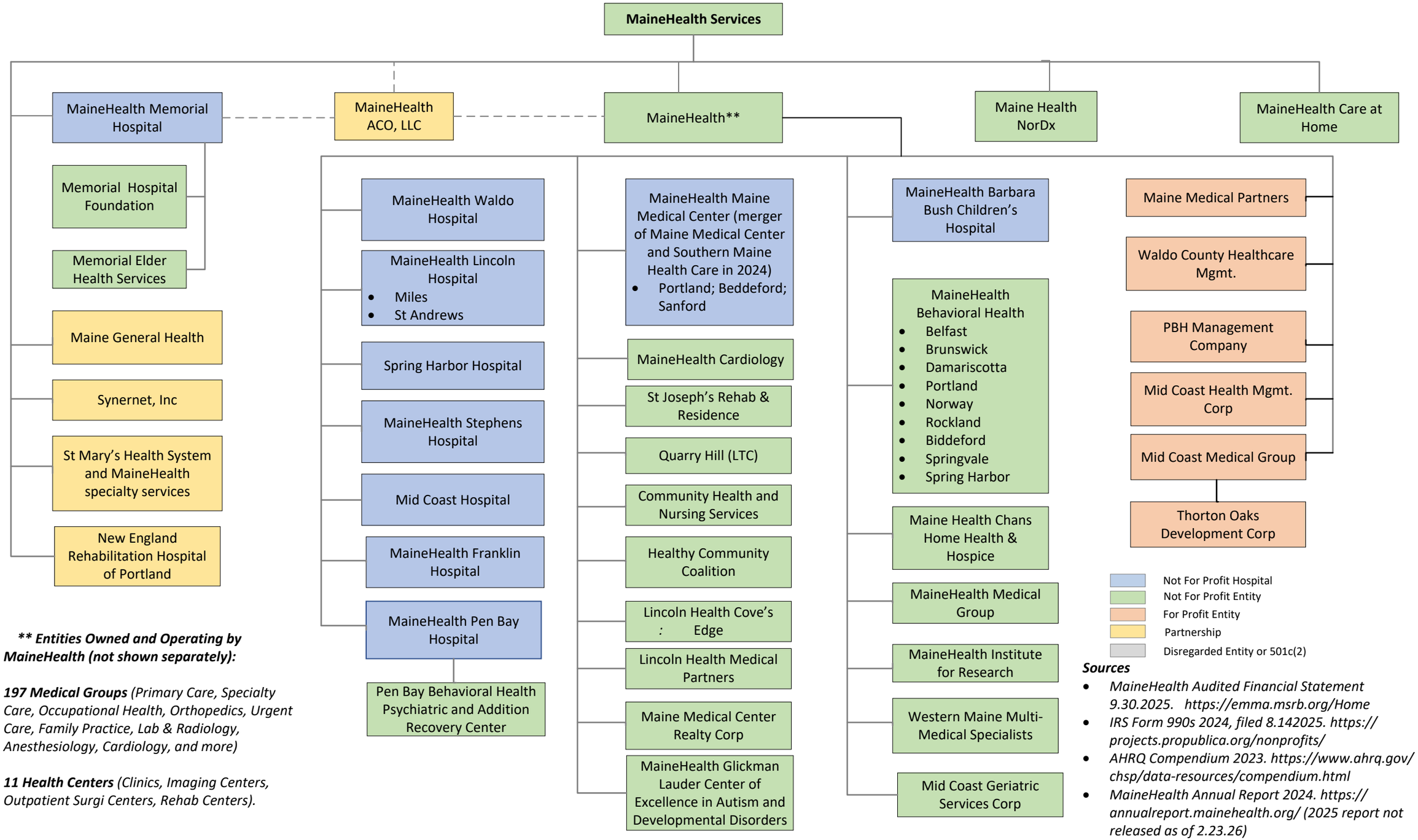
Rhode Island's Office of the Health Insurance Commissioner leverages its annual rate review process to restrict increases in insurers' negotiated prices with hospitals, while incentiziving health plans to invest in primary care. . A recent evalution published in Health Affairs of the approach, which has been in place since 2010, highlights that as a result of the strategy, there has been a 9% relative reduction in hospital prices and a savings for those with fully insured health plans of $1,000 per member.



More recently, Delaware began leveraging insurance rate review to contain its hospital prices and support investment in primary care following a similar approach as Rhode Island. Colorado also uses its health insurance rate review, but differently than RI and DE, requiringhealth plans to lower their reimbursement to hospitals and then restrict growth. Using a base year of 2021, Colorado has required it's fully insured plans to reduce hospital reimbursement by 5% each year for three years to get to a total reduction of 15%.

4. **Conclusion**

The policies within Maine's LD 2196 are appropriately unique to the state, but there are examples of similar approaches currently being implemented by others. NASHP is available to facilitate state-to-state learning and support Maine's next steps, including implementation.



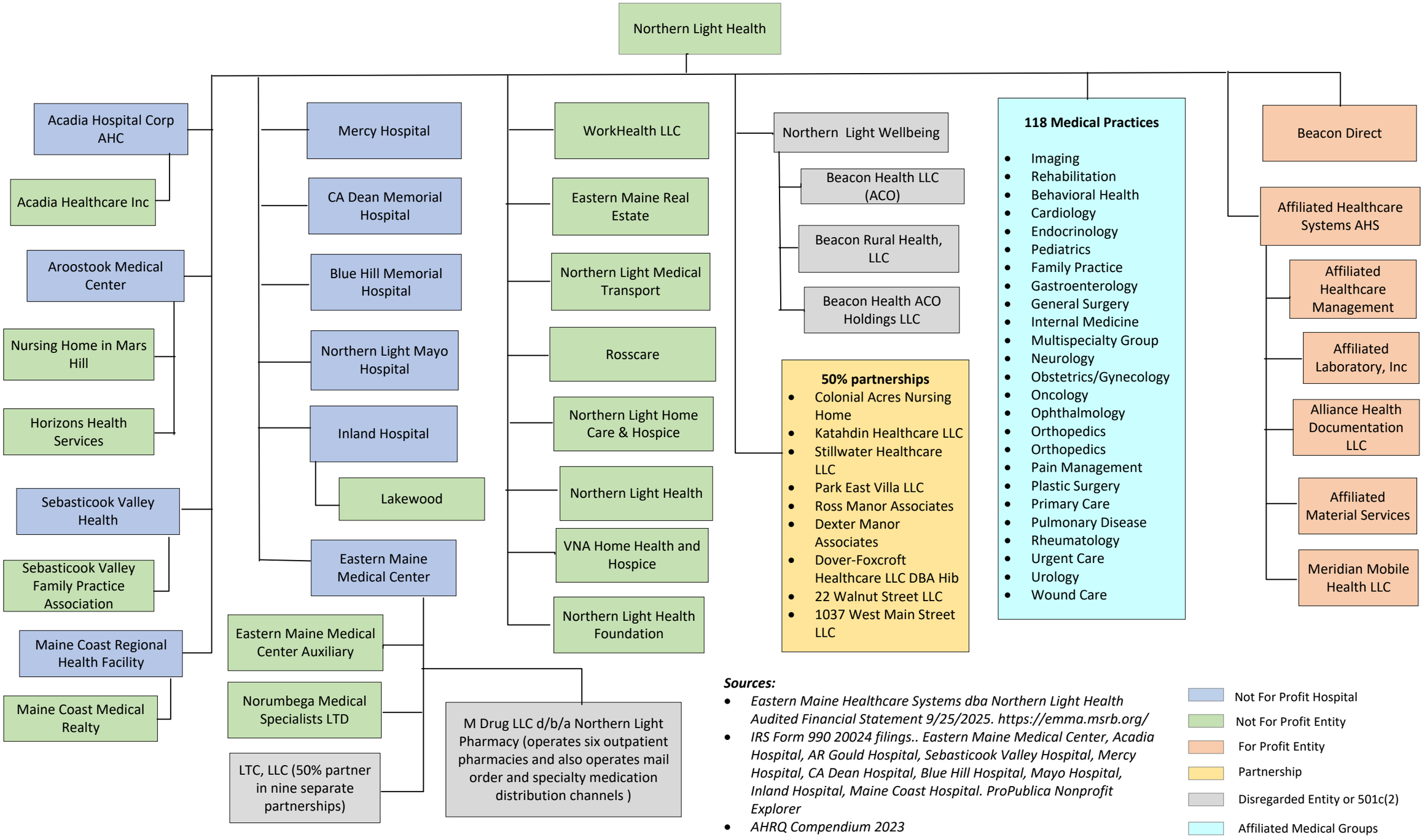
***** Entities Owned and Operating by MaineHealth (not shown separately):***

197 Medical Groups *(Primary Care, Specialty Care, Occupational Health, Orthopedics, Urgent Care, Family Practice, Lab & Radiology, Anesthesiology, Cardiology, and more)*

11 Health Centers *(Clinics, Imaging Centers, Outpatient Surgi Centers, Rehab Centers).*

Sources

- *MaineHealth Audited Financial Statement 9.30.2025. https://emma.msrb.org/Home*
- *IRS Form 990s 2024, filed 8.142025. https://projects.propublica.org/nonprofits/*
- *AHRQ Compendium 2023. https://www.ahrq.gov/chsp/data-resources/compendium.html*
- *MaineHealth Annual Report 2024. https://annualreport.mainehealth.org/ (2025 report not released as of 2.23.26)*


Northern Light Health
Acadia Hospital Corp AHC
Acadia Healthcare Inc
Aroostook Medical Center
Nursing Home in Mars Hill
Horizons Health Services
Sebasticook Valley Health
Sebasticook Valley Family Practice Association
Maine Coast Regional Health Facility
Maine Coast Medical Realty
Mercy Hospital
CA Dean Memorial Hospital
Blue Hill Memorial Hospital
Northern Light Mayo Hospital
Inland Hospital
Lakewood
Eastern Maine Medical Center
Eastern Maine Medical Center Auxiliary
Norumbega Medical Specialists LTD
LTC, LLC (50% partner in nine separate partnerships)
M Drug LLC d/b/a Northern Light Pharmacy (operates six outpatient pharmacies and also operates mail order and specialty medication distribution channels)
WorkHealth LLC
Eastern Maine Real Estate
Northern Light Medical Transport
Rosscare
Northern Light Home Care & Hospice
Northern Light Health
VNA Home Health and Hospice
Northern Light Health Foundation
Northern Light Wellbeing
Beacon Health LLC (ACO)
Beacon Rural Health, LLC
Beacon Health ACO Holdings LLC
50% partnerships
Colonial Acres Nursing Home
Katahdin Healthcare LLC
Stillwater Healthcare LLC
Park East Villa LLC
Ross Manor Associates
Dexter Manor Associates
Dover-Foxcroft Healthcare LLC DBA Hib
22 Walnut Street LLC
1037 West Main Street LLC
118 Medical Practices
Imaging
Rehabilitation
Behavioral Health
Cardiology
Endocrinology
Pediatrics
Family Practice
Gastroenterology
General Surgery
Internal Medicine
Multispecialty Group
Neurology
Obstetrics/Gynecology
Oncology
Ophthalmology
Orthopedics
Orthopedics
Pain Management
Plastic Surgery
Primary Care
Pulmonary Disease
Rheumatology
Urgent Care
Urology
Wound Care
Beacon Direct
Affiliated Healthcare Systems AHS
Affiliated Healthcare Management
Affiliated Laboratory, Inc
Alliance Health Documentation LLC
Affiliated Material Services
Meridian Mobile Health LLC
Sources:
Eastern Maine Healthcare Systems dba Northern Light Health Audited Financial Statement 9/25/2025. https://emma.msrb.org/
IRS Form 990 20024 filings.. Eastern Maine Medical Center, Acadia Hospital, AR Gould Hospital, Sebasticook Valley Hospital, Mercy Hospital, CA Dean Hospital, Blue Hill Hospital, Mayo Hospital, Inland Hospital, Maine Coast Hospital. ProPublica Nonprofit Explorer
AHRQ Compendium 2023
Not For Profit Hospital
Not For Profit Entity
For Profit Entity
Partnership
Disregarded Entity or 501c(2)
Affiliated Medical Groups