



Maine Hospital Association

MAINE'S LEADING
VOICE FOR HEALTHCARE

TESTIMONY OF THE MAINE HOSPITAL ASSOCIATION

In Opposition Of

LD 116 – *An Act to Establish a Minimum Wage for All Health Care Workers Including All Support Staff*

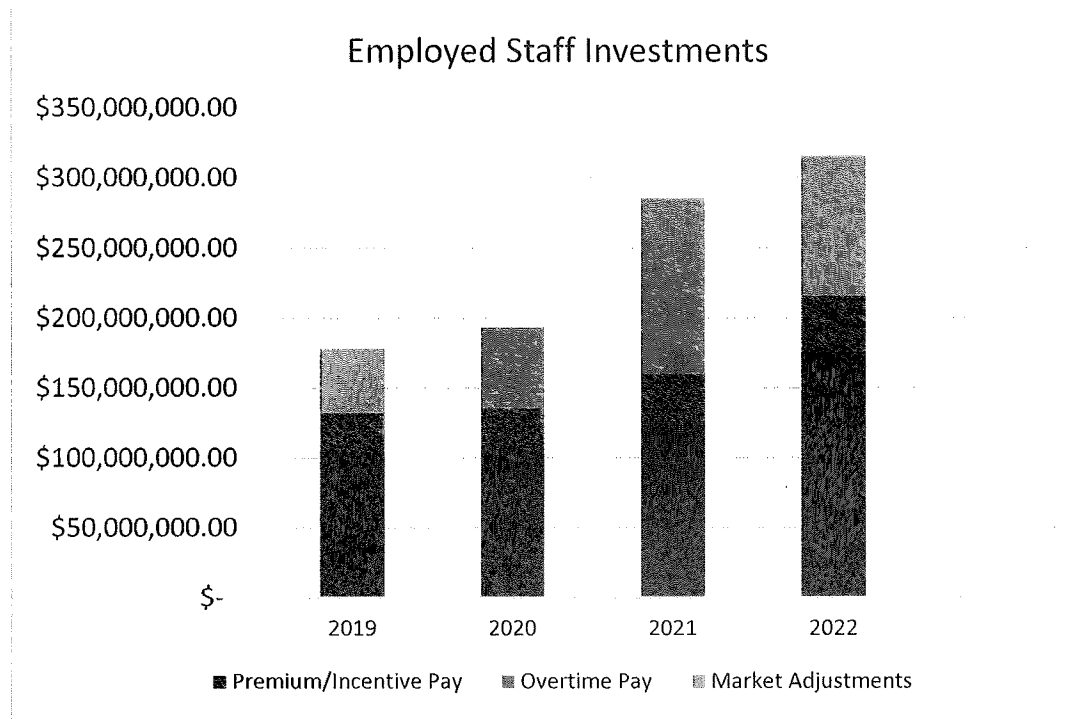
February 14, 2023

Senator Tipping, Representative Roeder, and members of the Labor and Housing Committee, my name is Sally Weiss and I am here on behalf of the Maine Hospital Association. MHA represents Maine's 36 private acute care, psychiatric, and rehabilitation hospitals.

I am here today to express our opposition to LD 116. This bill opens the door to establishing different minimum wages for individual industries and sectors, which is unprecedented in Maine and the United States. We cannot find evidence of other states establishing sector-based minimum wage systems, and in fact, of the 173 countries in the world with minimum wage systems, only 38 of those have multiple wage systems based on sector or industry, many of which are established by collective bargaining power.¹

We understand the challenges facing healthcare workers, many of whom have experienced tremendous stress over the past several years, which is why Maine hospitals invested over \$225 million in a two-year period (2021 and 2022) in salary increases for health care workers, along with additional incentive pay, loan repayment, and sign-on bonuses. Maine hospitals are doing everything they can to retain and invest in their employed staff.

¹ Pew Research Center, "The U.S. differs from most other countries in how it sets its minimum wage." Retrieved February 13, 2023 at <https://www.pewresearch.org/fact-tank/2021/05/20/the-u-s-differs-from-most-other-countries-in-how-it-sets-its-minimum-wage/>.



Additionally, health care, of all sectors, has a difficult time absorbing cost increases because we don't have control over our prices, and increasingly less control over how much we are reimbursed. Maine hospitals are seeing record financial losses in part because of significant inflation and stagnant reimbursement leading to an inability to recoup our costs. Should this pass, will Medicaid correspondingly increase hospital reimbursement? This bill should have a fiscal note taking into account the reimbursement for cost-based Medicaid programs.

Lastly, this bill does not go into effect until 2024, at which time the current minimum wage of \$13.80 will be adjusted to account for inflation. If inflation is 5%, then the minimum wage in 2024 will be \$14.50. We would argue that it does not make sense to have two minimum wages 50 cents apart – and likely closing in a year or so beyond that—for a short period of time due to Maine's annual inflation adjustment.

In closing, Maine hospitals are acutely aware of the workforce challenges and how this impacts access to timely and quality care; however, focusing on an industry minimum wage is not the solution.

Thank you and I'm happy to answer any questions you may have.