

Testimony in Support of LD 1955, “An Act to Require Hospitals and Hospital-affiliated Providers to Provide Financial Assistance for Medical Care”

James Myall

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Good morning, Senator Baldacci, Representative Meyer, and members of the Joint Standing Committee on Health and Human Services. My name is James Myall. I’m an economic policy analyst at the Maine Center for Economic Policy, and I’m here today to testify in support of LD 1955, “An Act to Require Hospitals and Hospital-affiliated Providers to Provide Financial Assistance for Medical Care.” This bill would help make critical free care available to the most vulnerable Mainers, and improve price transparency in healthcare for all of us.

While the federal and state governments have made strides in addressing the high cost of healthcare in recent years, too many Mainers still struggle to afford potentially lifesaving treatment, and either skip care completely, or end up burdened by high levels of medical debt:

- In 2021, over 65,000 Maine adults had to delay or skip medical care because they could not afford it.¹ The majority of the adults live in families with less than \$50,000 in income each year, where more than one in eight adults have difficulty affording medical care.
- For Mainers who can access care, debt remains a huge obstacle. According to a recent survey for Consumers for Affordable Health Care, more than one in three Mainers have some kind of medical debt.²
- Not only does this unaffordability impact Mainers’ physical and mental health, but it can cause severe economic hardships as well. The same CAHC survey³ found six in ten Mainers facing consequences as a result of health care costs, which ranged from using up retirement savings to struggling to pay for necessities such as groceries or heat.⁴
- More recent survey data shows that at least 4 out of 10 Mainers have medical debt, and that most with medical debt say that debt comes from services they received through a hospital.⁵

All of Maine’s hospitals are nonprofit and enjoy certain tax benefits as a result of that tax-exempt status. Nonprofit hospitals are required by the federal government to provide community benefits, including Charity Care (Free Care in Maine).⁶ Hospitals’ free care programs are intended to reduce the worst effects of financial hardship on the Mainers who are least able to bear the costs of health care. But there are clear indications that the current system is failing. Of Mainers who hold hospital-related debt, approximately half are not even aware of the free care program available at Maine hospitals, and among those who did apply, denial rates were much higher than acceptance rates.⁷

This bill would clarify the rules and procedures for free care programs to make them easier for Mainers to understand and increasing the obligation on hospitals to make patients aware of their options. This would ensure that people who are currently eligible for the program actually receive the help they qualify for. Likewise, the bill’s provisions to require compliance with federal price transparency regulations and to inform patients when procedures are not covered under free care would allow Mainers to make the best decisions about their health care and avoid the impact of unexpected bills.

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Setting a higher threshold for access to free care as laid out in LD 1955 is an appropriate step given the health care landscape in Maine today. Many hospitals already provide free care up to this level, and others provide heavily-discounted care. Setting a single statewide standard will avoid confusion for patients and providers alike. The expansion of Medicaid (MaineCare) in Maine, for example, and affordable coverage through the Affordable Care Act has also reduced the need for charitable care among Mainers with the lowest incomes, meaning that an increase in free care eligibility today will simply mean that many hospitals are providing the same level of charitable care they were providing previously.

The provisions relating to medical debt are also important for all Mainers. Nationally, there has been increasing focus on debt collection practices by hospitals, including nonprofit hospitals,⁸ which can amount to predatory practices. Even when hospitals do not engage in these practices themselves, when they sell debt to collection agencies, they can be indirectly contributing to this problem. Aggressive debt collection can increase the hardships debt places on Mainers, from day-to-day sacrifices like cutting back on essentials or taking on second jobs, to missing payments on other debts or taking out high-cost credit card or payday loans to make ends meet.⁹

Finally, I want to acknowledge that free care through hospitals is not a cure-all for health care affordability in Maine. Free care will not cover all medical procedures and is not available in all health care settings. Over the longer term, expanding access to comprehensive programs like MaineCare should be a goal of the committee. However, hospital free care does fill an essential role in our safety net program, and it should be available easily to Mainers who need it.

LD 1955 would remove some of the worst burdens of unaffordable health care for our most vulnerable Mainers, and would provide benefits like price transparency and debt collection regulation for all of us. I urge you to pass the bill and I'm happy to answer any questions.

Notes

¹ CDC Behavioral Risk Factor Surveillance Survey data for 2021.

² James Myall, "Survey results show a "broken" health care system in Maine." Maine Center for Economic Policy. June 21, 2023. <https://www.mecep.org/blog/survey-results-show-a-broken-health-care-system-in-maine/>

³ "Views of Maine Voters on Health Care Affordability: Results on a Survey Conducted on Behalf of Maine Consumers for Affordable Health Care." Digital Research Inc., May 2023. https://mainecahcorg.presencehost.net/file_download/7383e8ab-ca5a-4569-b9d3-d230b0fb029a

⁴ James Myall, "Survey results show a "broken" health care system in Maine." Maine Center for Economic Policy. June 21, 2023. <https://www.mecep.org/blog/survey-results-show-a-broken-health-care-system-in-maine/>

⁵ Views of Maine Voters on Health Care Affordability: Results on a Survey Conducted on Behalf of Maine Consumers for Affordable Health Care." Digital Research Inc., May 2023. https://mainecahcorg.presencehost.net/file_download/7383e8ab-ca5a-4569-b9d3-d230b0fb029a

⁶ Zachary Levinson, Scott Hulver, and Tricia Neuman, "Hospital Charity Care: How It Works and Why It Matters." KFF, Nov 3, 2022. <https://www.kff.org/health-costs/issue-brief/hospital-charity-care-how-it-works-and-why-it-matters>

⁷ James Myall, "Survey results show a "broken" health care system in Maine." Maine Center for Economic Policy. June 21, 2023. <https://www.mecep.org/blog/survey-results-show-a-broken-health-care-system-in-maine/>

⁸ Isiah Thompson, "Nonprofit Hospitals Pursue Aggressive Medical Debt Collection." Nonprofit Quarterly, Sept 5, 2023. <https://nonprofitquarterly.org/nonprofit-hospitals-pursue-aggressive-medical-debt-collection/>

⁹ Lunna Lopes et al., "Health Care Debt In The U.S.: The Broad Consequences Of Medical And Dental Bills." KFF, June 16, 2022. <https://www.kff.org/report-section/kff-health-care-debt-survey-main-findings/>