

HEALTHCARE  
PURCHASER  
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## Testimony of Trevor Putnoky

to the Joint Standing Committee on Health and Human Services

In Support of

**LD 1955, An Act to Require Hospitals and Hospital-affiliated Providers to Provide Financial Assistance for Medical Care**

January 17, 2024

Good afternoon, Senator Baldacci, Representative Meyer, and Members of the Joint Standing Committee on Health and Human Services.

My name is Trevor Putnoky. I'm the President and CEO of the Healthcare Purchaser Alliance of Maine and I'm here today to testify in support of LD 1955.

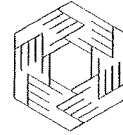
The Healthcare Purchaser Alliance of Maine (HPA) is a nonprofit that represents the purchasers of healthcare in Maine. Our mission is to advance healthcare value and to support and incentivize high-quality, affordable care. We have over 60 members, including some of the largest public and private employers and health trusts in Maine. Collectively, our members spend over a billion dollars annually providing health care for nearly one quarter of the commercially insured population in the state.

The Legislature has heard a lot about the financial struggles of hospitals this year. But they're not the only ones facing financial challenges. With the costs of healthcare continuing to rise, Maine consumers are increasingly struggling to cover the costs of care. Many Mainers—particularly the most financially vulnerable among us—are skipping necessary care because they can't afford it, and when they do get care, they are often left with medical debt that takes years to pay off.<sup>1</sup> A recent survey of Mainers revealed the extent of those struggles, with more than one in three Mainers reporting that they skipped or delayed going to the doctor when they were sick due to costs. And one third struggled to pay for basic necessities like food, heat, or housing due to medical bills.<sup>2</sup>

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<sup>1</sup> Digital Research Inc., *Views of Maine Voters On Health Care Affordability*, Consumers for Affordable Health Care, May 11, 2023. Available at: [https://mainecahcorg.presencehost.net/file\\_download/7383e8ab-ca5a-4569-b9d3-d230b0fb029a](https://mainecahcorg.presencehost.net/file_download/7383e8ab-ca5a-4569-b9d3-d230b0fb029a).

<sup>2</sup> Ibid.



Unfortunately, many Mainers who don't receive essential care due to costs—or who struggle with medical bills—do not realize that they may be entitled to free care. According to the same survey, nearly half of Mainers with hospital-related medical debt are unaware that Maine hospitals are required to provide medically necessary care for free to Mainers who meet certain income guidelines.<sup>3</sup> By widely publicizing the availability of free care to patients, and streamlining the application process for that financial support, LD 1955 would help ensure that eligible Mainers are made aware of, and can utilize, this financial lifeline.

The bill would also limit hospitals' ability to send Mainers to collections for unpaid bills, or to report unpaid bills to credit rating agencies—with research concluding that “medical collections are less predictive of further repayment risk than other collections.”<sup>4</sup> These limits will have a tremendous impact on the four in ten Mainers who have medical debt in their household, and the nearly 30 percent of Mainers who were contacted by a collection agency within the past two years due to a medical bill.<sup>5</sup> Removing that threat will hopefully encourage Mainers to seek care when they need it, and not delay due to a fear of being sent to collections. The bill would also require hospitals to offer patients payment plan terms of at least two years, with monthly payments not to exceed 3 percent of the patient's gross monthly income. This will give consumers with medical debt breathing room to pay those medical bills, while still allowing them to continue to afford basic necessities like rent, groceries, childcare, medications, and utilities.

The Maine Legislature long ago decided to require the state's tax-exempt nonprofit hospitals to provide free care to Mainers who meet income guidelines. According to the Maine Health Data Organization, charity care represented just 1.7 percent of Maine hospital's net patient service revenue in 2022.<sup>6</sup> And a study by the Lown Institute, which compared 1,773 nonprofit hospitals' charity care and community investment to the estimated value of their tax breaks, found that 77 percent of nonprofit hospitals spent less on charity care and community investment than the estimated value of their tax breaks. In Maine, the study found that 21 Maine hospitals spent less on charity care and community investment than their estimated tax break, with a total estimated state deficit of \$135 million.<sup>7</sup>

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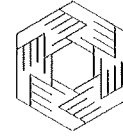
<sup>3</sup> Ibid.

<sup>4</sup> Consumer Financial Protection Bureau, *CFPB Publishes Analysis of Potential Impacts of Medical Debt Credit Reporting Changes*, July 27, 2022. Available at: <https://www.consumerfinance.gov/about-us/newsroom/cfpb-publishes-analysis-of-potential-impacts-of-medical-debt-credit-reporting-changes/>.

<sup>5</sup> Digital Research Inc.

<sup>6</sup> Maine Health Data Organization, *2018-2022 Financial Data Report (A) Select Hospital Data Elements and Ratios (Unconsolidated)*, December 19, 2023. Available at: [https://mhdo.maine.gov/pdf/Report\\_A\\_Selected\\_Financial\\_Hosp\\_v5.0.pdf](https://mhdo.maine.gov/pdf/Report_A_Selected_Financial_Hosp_v5.0.pdf).

<sup>7</sup> Lown Institute, *Fair Share Spending: How much are hospitals giving back to their communities?* April 11, 2023. Available at: <https://lownhospitalsindex.org/2023-fair-share-spending/>.



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People throughout Maine are struggling with the cost of health care, either foregoing essential medical services or falling into debt in order to get the care that they need. At the same time, it appears that in some instances the value of tax breaks for Maine hospitals outweighs the community benefit. We urge the committee to pass LD 1955, and the common-sense policies and procedures that it would put in place to ensure that patients unable to afford medical care get the financial assistance that they are entitled to under Maine law, and that those ineligible for free care be offered reasonable terms to repay their medical debt.

Thank you for the opportunity to provide HPA's feedback on LD 1955 and thank you to Speaker Talbot Ross for bringing this important issue before the committee. I'd be happy to answer any questions and will be available for the work session.