



Advocating the right to quality,
affordable health care for all Mainers.

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Testimony In Support of:

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

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Senator Baldacci, Representative Meyer, and esteemed members of the Joint Standing Committee on Health and Human Services, thank you for the opportunity to submit these comments in support of LD 1955, An Act to Require Hospitals and Hospital-affiliated Providers to Provide Financial Assistance for Medical Care.

My name is Kate Ende, and I am the Policy Director at Consumers for Affordable Health Care, a nonpartisan, nonprofit organization that advocates the right to quality, affordable health care for every person in Maine. As designated by Maine's Attorney General, CAHC serves as Maine's Health Insurance Consumer Assistance Program (CAP), which operates a toll-free HelpLine. Our HelpLine fields approximately 6,000 calls and emails every year from people across Maine who need help obtaining, keeping, using, or fixing problems with private health insurance or with accessing or affording health care services. CAHC also serves as the Ombudsman program for Maine's Medicaid program, MaineCare, and helps people apply for and navigate the enrollment process for MaineCare. It is with that background that we provide these comments.

Through our HelpLine, we frequently hear from people who are struggling to afford their medical bills and health care. Results from a survey released last year show that these affordability barriers are widespread across Maine. In fact, more than four out of ten Mainers reported experiencing discomfort or pain for longer than they needed to, due to high healthcare costs and more than one-third of Mainers reported that they delayed or skipped going to the doctor when they were sick, due to high healthcare costs. Additionally, when Mainers do access care, many struggle to pay their medical bills, and often end up in debt.

- One in three Mainers struggled to pay for basic necessities, such as food, heat, or housing, within the past two years as a result of a medical bill. Among those who struggled to pay for basic necessities, nearly three quarters reported they experienced this as the result of a hospital bill.
- Nearly one in three Mainers have been contacted by a collection agency about a medical bill within the past two years, of which more than 80% said the medical bill that was sent to collections was from a hospital.¹

¹ <https://www.mainecahc.org/wp-content/uploads/2023/05/Polling-Views-of-Maine-Voters-On-Health-Care-Affordability.pdf>

It is clear Mainers are struggling to afford the health care services they need, particularly hospital services. This bill makes several changes to improve the affordability of hospital services for Maine people.

Non-profit hospitals in Maine are required to provide free medically necessary care to people with incomes up to 150% of the federal poverty level (FPL). For many who don't have access to affordable health insurance, hospital free care programs are their only source of affordable care. Many other Mainers, including working families, have private health insurance through an employer or the Marketplace, but may be underinsured with high deductibles that are over \$9,000. Hospital financial assistance programs also help to fill the gaps for low-income Mainers who are underinsured and need help affording a high deductible or other cost-sharing under their plan. Hospital free care programs play a critical role in helping Mainers afford the health care they need, but many people are unaware of these programs or face barriers when applying.

Ensuring Adequate Notice: Many people who are eligible for hospital financial assistance are not aware that assistance programs exist. In fact, data from a survey conducted in December 2022 shows that roughly half of Mainers who had hospital-related medical debt were not aware that Maine hospitals are required to provide medically necessary care for free to Mainers who meet certain income guidelines.² Unfortunately, by the time some people become aware of hospital free care programs, they may have already missed their application window to apply. This bill makes several changes, such as requiring hospitals to widely publicize information about their financial assistance programs and to translate information and application materials into any languages that are spoken by significant populations of nonnative English speakers in the communities served by the hospital.

Reducing Application Barriers: This bill makes several changes to simplify the application process for hospital free care programs, including requiring hospitals to use a single streamlined application for all financial assistance programs offered by the hospital, prohibiting notarization requirements, prohibiting hospitals from imposing time limits on when someone can apply for assistance, and extending the eligibility period once someone is determined eligible for free care from 6 months to 12 months.

Preventing Surprise Billing: Even people who are approved for free care still face affordability challenges and many receive unexpected bills for services or providers not covered by the program, even when care was provided at the hospital or in a hospital-based facility. These exclusions create significant confusion and patients are often left on the hook for bills they thought would be covered by free care. The lack of transparency around which specific services and providers are or are not covered under a hospital's free care program often result in people avoiding or delaying care, even after they are approved for free care, due to the uncertainty and fear that they may receive a bill that they would not be able to afford.

² Ibid.

The No Surprises Act at the federal level, as well as several laws at the state level, have taken steps to protect people from surprise medical bills. If you have insurance and you go to an in-network hospital, but unknowingly receive care from an out-of-network provider, you are protected from a surprise bill. However, people who rely on hospital free care do not have these protections. This bill will ensure all medically necessary care provided in a hospital setting is covered under the free care program. It also ensures that patients who have been determined as eligible for free care must be informed prior to receiving a service if that service will not be covered under the free care program. This is similar to a protection in place for MaineCare members, which prohibits providers from billing MaineCare members for services not covered by MaineCare, unless the provider informed the member ahead of time that the service would not be covered.

Expanding Income Eligibility: As mentioned previously, under existing state law, non-profit hospitals in Maine must provide free medically necessary care to people with incomes up to 150% FPL. Many hospitals already provide free or sliding-scale care above this threshold, but it is inconsistent throughout the state. This bill will ensure that Maine people with incomes up to 200% of FPL are able to access free medically necessary hospital care, regardless of where in Maine they live.

It is worth noting that Maine's hospital free care statute has not been updated since it was enacted in 1995. However, over the nearly three decades since the statute was adopted, Maine's health coverage landscape has changed dramatically. For example, more people in Maine now have health insurance coverage. Today, coverage programs, such as subsidized Marketplace plans and the implementation of Medicaid expansion help thousands of Maine people access health insurance. According to data published by the National Academy of State Health Policy (NASHP), net charity care measured as a percentage of net patient revenue has decreased at nearly every hospital in Maine between 2018 (before Medicaid expansion took effect) to 2022.³ As you can see, the net charity care provided by hospitals make up an extremely small portion of their overall net patient revenue. As non-profits, hospitals have an obligation to provide community benefits, including free care, to low-income Mainers. It is clear it is time to update the requirements of the free care program to reflect the current landscape in Maine and better meet the needs of Maine people.

³ <https://tool.nashp.org/>

Net Charity Care as % of Net Patient Revenue^{4 5}

<i>Hospital</i>	2018 (pre-Medicaid expansion)	2022
<i>Calais Regional</i>	1.4%	0.16%
<i>Downeast Community Hospital</i>	3.5%	0.74%
<i>Cary Medical Center</i>	2.5%	0.55%
<i>Houlton Regional Hospital</i>	1.7%	0.093%
<i>MaineGeneral Medical Center</i>	0.72%	-0.019%
<i>Millinocket Regional Hospital</i>	2.2%	0.72%
<i>Mount Desert Island</i>	1.4%	0.06%
<i>Northern Maine Medical Center</i>	0.57%	0.09%
<i>Redington-Fairview General Hospital</i>	2.3%	0.34%
<i>St. Joseph Hospital</i>	1.3%	0.46%
<i>St. Mary's Regional Hospital</i>	2.6%	0.96%
<i>York Hospital</i>	0.8%	0.053%
 MaineHealth System		
<i>Franklin Memorial Hospital</i>	2%	1%
<i>PenBay Medical Center</i>	1.7%	1.4%
<i>Lincoln Health</i>	1.9%	0.73%
<i>Maine Medical Center</i>	1.4%	1.4%
<i>Mid Cost Hospital</i>	0.84%	0.58%
<i>Stephens Memorial Hospital</i>	1.5%	0.57%
<i>Waldo County General Hospital</i>	2.6%	1.2%
<i>SMHC Medical Center Biddeford</i>	1.8%	1.7%
 Central Maine Healthcare System		
<i>Bridgton Hospital</i>	1.3%	0.17%
<i>Central Maine Medical Center</i>	1.5%	0.33%
<i>Rumford Hospital</i>	1.2%	0.15%
 Northern Light System		
<i>A.R. Gould Hospital (formerly The Aroostook Medical Center)</i>	1.1%	0.77%
<i>Blue Hill Hospital</i>	1.2%	0.07%
<i>C.A. Dean Hospital</i>	1.4%	0.033%

⁴ Net Charity Care as % of Net Patient Revenue: Percentage of Net Patient Revenue received that the hospital applied to cover the costs of charity care patients.

Net Charity Care Cost as % of Net Patient Revenue = Net Charity Care Cost ÷ Net Patient Revenue

Net Charity Care Cost: Portion of Hospital Operating Costs to provide patient care under the hospital's Charity Care policy minus charity care patient payments and restricted grant funds received.

⁵ Data was not available for Spring Harbor Hospital or Acadia Hospital.

<i>Eastern Maine Medical Center</i>	1.2%	0.39%
<i>Inland Hospital</i>	1.6%	1.3%
<i>Maine Coast Hospital</i>	0.64%	0.26%
<i>Mayo Hospital</i>	2.6%	0.074%
<i>Mercy Hospital</i>	2.3%	1.6%
<i>Sebasticook Valley Hospital</i>	2.5%	0.11%

Strengthening Billing Protections: There are many people who are over the income limits for hospital free care programs, but who also are unable to afford their hospital bills. As mentioned previously, private insurance deductibles can be over \$9,000 for an individual and as high as nearly \$20,000 for a family. Most Mainers would not be able to pay thousands of dollars for an unexpected medical bill. Survey data shows that two out of three Mainers believe a major medical event would be a financial disaster for them.⁶

While most hospitals offer payment plans, some only allow payments to be made under these plans over a six-month period. This often results in very high monthly payment amounts that are more than people can afford to pay. Through our HelpLine, we often hear from Mainers who are struggling to afford a monthly payment plan for hospital debt, or who have been sent to collections or have had to take on credit card debt to pay for their hospital bills.

This bill will strengthen consumer protections by extending the period from 120 days to 240 days that a hospital must wait before taking certain extraordinary collection actions. It also requires hospitals to offer patients affordable payment plans that spread payments over a period of at least two years and offer monthly payment amounts that do not exceed 3% of their gross monthly income.

Strengthening Transparency: In addition to improving access to financial assistance and strengthening consumer billing protections, this bill also takes important steps to strengthen compliance and enforcement of federal hospital price transparency requirements established in 45 Code of Federal Regulations, Part 180. This bill would prohibit a hospital from initiating or pursuing a collections action against a patient for services if the hospital was not in compliance with federal price transparency requirements at the time the service was provided. While not every medical service is “shoppable,” some are and compliance with price transparency requirements can help consumers make more informed decisions about where to receive care. Recent reports show that compliance has improved over the past year, however we believe it is still important for Maine to be able to enforce these protections at the state-level, if needed.⁷ Furthermore, it holds hospitals accountable to their patients, which ultimately are the people who are harmed if price information is not made available.

⁶ <https://www.maineahc.org/wp-content/uploads/2023/05/Polling-Views-of-Maine-Voters-On-Health-Care-Affordability.pdf>

⁷ <https://www.fiercehealthcare.com/regulatory/hospital-payer-price-transparency-compliance-improves-new-requirements-are-kicking-2024>