



**Testimony of Katie Fullam Harris  
Chief Government Affairs Officer  
MaineHealth**

**In Support of Sections of the Governor's Supplemental Budget  
January 23, 2025**

Senator Rotundo, Representative Gattine, Senator Ingwersen, Representative Meyer and distinguished members of the Joint Standing Committees on Appropriations and Financial Affairs and Health and Human Services, I am Katie Fullam Harris from MaineHealth, and I am here to testify in support of the Line 0147, "Medical Care – Payments to Providers" of the Governor's proposed Supplemental Budget.

**About MaineHealth**

**MaineHealth** is a not-for-profit, integrated health system whose vision is "Working together so our communities are the healthiest in America." We are further committed to a mission of providing high-quality affordable health care, educating tomorrow's caregivers and researching better ways to provide care. MaineHealth includes a Level 1 trauma medical center, eight additional licensed acute care hospitals, comprehensive pediatric care services, an extensive network of community outpatient and inpatient behavioral health care, as well as home health, hospice and senior care services. With more than 2,000 employed providers and approximately 23,000 care team members, MaineHealth provides preventive care, diagnosis and treatment to 1.1 million residents of Maine and New Hampshire.

**Current Status**

As a mission-driven nonprofit health care system, MaineHealth provides care to every patient in need, regardless of ability to pay. As a result, our system relies heavily on governmental payers to support our services: approximately 70% of our annual gross revenue is derived from patients covered by Medicare and Medicaid, with Medicaid comprising about 16%.



In FY '24, MaineHealth barely broke even, ending the year with less than a 1% operating margin. A healthy margin for a nonprofit organization is at least 3%. Like nearly all of Maine's hospital systems, we are challenged in balancing inflationary pressure with governmental payments, which have not kept pace with our rising costs.

As we continue to experience the fallout of Covid, we are doing all that we can to dig out of the very challenging financial situation. MaineHealth reduced costs by \$122 million last year through administrative efficiencies and reductions in care variation, while still meeting the increased financial demands created by the clinical labor shortage. Our ability to sustain a lower cost of care relies on upon timely payments from our payers, including MaineCare. Prompt payment is also needed for the community partners upon which we rely, including organizations that serve patients with behavioral health needs and long-term care facilities. Health care is an ecosystem, and each part of the system impacts the others. MaineCare is a primary payer within this ecosystem, and one upon which we rely for ongoing operations and patient care.

Finally, the \$118 million gap in the MaineCare budget reflects care that has been delivered to patients – and expenses that have been incurred by hospitals and providers. Timely payments to cover the incurred costs are needed to support payroll, pay our suppliers, and ensure that we can maintain access for future patients. These are precarious times in health care, and hospitals and other providers can ill afford to experience severely delayed payments for the services rendered to our vulnerable Maine people. Thus, we appreciate the inclusion of funds in this budget to support a significant gap that would have serious consequences for Maine's hospitals and health care providers who serve MaineCare patients.

Thank you for the opportunity to testify, and I would be happy to answer questions.