



Northern Light  
Health

**LD 210 An Act Making Unified Appropriations and Allocations from the General Fund  
and Other Funds for the Expenditures of State Government and Changing Certain  
Provisions of the Law Necessary to the Proper Operations of State Government for the  
Fiscal Years Ending June 30, 2025, June 30, 2026 and June 30, 2027**

**Testimony in Opposition  
February 12, 2025**

Senator Rotundo, Representative Gattine, members of the Committee on Appropriations and Financial Affairs, Senator Ingwersen, Representative Meyer and members of the Health and Human Services Committee, my name is Lisa Harvey-McPherson, RN. I am here today providing testimony on behalf of Northern Light Health and our member organizations speaking in opposition to budget proposals that will cause financial harm to our health system.

Northern Light Health member organizations include 10 hospitals located in southern, central, eastern and northern Maine, nursing facilities, air and ground ambulance, behavioral health, addiction treatment, pharmacy, primary and specialty care practices and a statewide home care and hospice program. Ninety three percent of Maine's population lives in the Northern Light Health service area. Northern Light Health is also proud to be one of Maine's largest employers with more than 10,000 employees statewide.

Northern Light Health member hospitals provide care to one out of every four Mainer's discharged statewide. Every day we focus on our mission to improve the health of the people and communities we serve. As I noted in my testimony on the supplemental budget, we are challenged. Fiscal year 2024 was the third year of challenging financial performance for Northern Light Health. The 2024 operating loss totaled \$156 million, creating tremendous fiscal pressure on our organization and the services we provide.

As we transitioned out of the COVID-19 pandemic we focused on restoring service volume to meet the care demands of our patients. We believe that caring for our communities would also restore financial stability to our hospitals and community-based services. As our services volumes grew, we came to a tough realization that the escalation in costs we experienced during the pandemic for labor, pharmaceuticals, medical supplies – really everything we do – now have costs permanently reset at a much higher level. Revenues for our services largely come from governmental payments (Medicare and Medicaid) that chronically reimburse us less than the cost of care. Sixty-six percent of our revenue comes from governmental payers. In 2024 our government underpayment reached an historic level – the payment gap reached nearly \$300 million dollars. This is the core financial challenge driving our negative financial performance.

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Inland Hospital  
Maine Coast Hospital  
Mayo Hospital  
Mercy Hospital  
Northern Light Health Foundation  
Northern Light Pharmacy  
Sebasticook Valley Hospital

In 2024, the American Hospital Association published a research brief, "Assessing the Impact of COVID-19 on Rural Hospitals." The brief includes an analysis of hospitals that always have positive patient care margins and hospitals that always have negative patient care margins. Hospitals with positive patient care margins generate 48.9% of their revenue from Medicare/Medicaid. Hospitals with negative patient care margins generate 59.6% of their revenue from Medicare/Medicaid. Hospitals in Maine generate 67% of their revenue from Medicare/Medicaid. Hospital financial challenges here are worse than other states in the country, this is a statewide crisis, not just for Northern Light Health.

The biennial budget proposal includes cuts that will exacerbate our financial challenge. We are working every day to overcome years of significant financial losses. We do not have the ability to offset millions of dollars in MaineCare payment reductions. The proposal to reduce payment for services provided by hospital employed physicians results in a cut of \$16 million dollars to Northern Light Health in 2027, and the cut becomes larger in each of the four subsequent years of the payment reduction proposal. The cut also comes at a time when we are aggressively working to transform the care we provide to create efficiencies, reduce administrative costs, and evaluate what services can be sustained into the future, and what services may need to either transition to another health care partner or be discontinued. We don't yet know exactly what all the changes will be, but we do know services and access points to care in the future will be different than they are today. Exactly how different in many ways relies on this budget and the decisions you make that negatively impact MaineCare revenue or increase the cost to provide care.

This budget will increase the cost to provide care in rural communities as the proposal to tax ambulance services will negatively impact our critical access hospital emergency service programs. Northern Light Health critical access hospitals in Dover Foxcroft, Greenville, and Pittsfield will all be subject to a 6% ambulance revenue tax costing us over \$100,000 for the new tax. Critical Access Hospitals statewide were just removed from the hospital tax in January of this year with a reduction in MaineCare payment due to the change in the tax status. Now we find ourselves targeted for a new tax on ambulance services that will cause financial harm. We strongly oppose including our rural hospitals in the new tax proposal.

The budget includes a proposal to create a per-bed assessment fee to generate \$1.8 million dollars to fund HealthInfoNet. Currently, we pay a fee to HealthInfoNet based on terms in the Northern Light Health contract which nets to a higher cost than the per bed assessments. BUT we must oppose this proposal as we see our ability to access new technologies in the next few years that will have the functionality of a health information exchange but with greater efficiencies and lower cost. We oppose creating in law a financial obligation for hospitals to fund HealthInfoNet when we believe technology will transform the role they have in health information to a different business model, one that Northern Light Health will have limited need to access.

The following proposals in the biennial budget will financially harm Northern Light Health

- MaineCare Cuts to Hospital Based Physician Services
- Ambulance Tax on Critical Access Hospitals
- Suspending Cost of Living Adjustments
- Reduction in MaineCare Payments for Hospice Services

The following proposals in the biennial budget will have positive impact and are supported by Northern Light Health

- Additional Funding for MaineCare
- Funding for Nursing Homes
- Funding for a Psychiatric Treatment Residential Treatment Facility to serve youth
- Funding to Support the Department of Justice Settlement Agreement

Thank you for the opportunity to share our concerns regarding the biennial budget.