



**Maine Medical  
Association**



**TESTIMONY OF THE MAINE MEDICAL ASSOCIATION  
AND  
THE MAINE OSTEOPATHIC ASSOCIATION**

Joint Standing Committee On Appropriations and Financial Affairs and the Joint Standing Committee on Health and Human Services  
Room 228, State House, Augusta, Maine  
Wednesday, February 12th, 2025

Good Morning, Senator Rotundo, Representative Gattine, Members of the Joint Standing Committee On Appropriations and Financial Affairs, Senator Ingwersen, Representative Meyer, and Members of the Joint Standing Committee on Health and Human Services. My name is Paul Cain, MD, and I am the immediate past President of the Maine Medical Association. I am a retired orthopedic surgeon who spent my career serving the people of the greater Lewiston/Auburn area as a member of Central Maine Orthopedics.

I am testifying on behalf of the Maine Medical Association and Maine Osteopathic Association to discuss two budget sections: Part "SS," which establishes a 0.70 cents per pharmacy prescription assessment on pharmacy providers and A-356, which reduces funding to transition reimbursement of hospital professional costs at certain hospital-based practice,

The Maine Medical Association (MMA) is a professional organization representing over 4,000 physicians, residents, and medical students in Maine. MMA's mission is to support Maine physicians, advance the quality of medicine in Maine, and promote the health of all Maine people. The Maine Osteopathic Association (MOA) is a professional organization representing more than 1,200 osteopathic physicians, residents, and medical students in Maine whose mission is to serve the Osteopathic profession of the State of Maine through a coordinated effort of professional education, advocacy, and member services to ensure the availability of quality osteopathic health care to the people of this State.

We are neither for nor against Part "SS," establishing a 0.70 cents per pharmacy prescription assessment on pharmacy providers. We appreciate the Administration thinking about ways to save costs, but we would ask this Legislature and future Legislatures to exercise caution when relying on federal matches. This might be a good

bargain for Maine now, but this pharmacy assessment should be repealed if it causes more harm than good to patient healthcare costs.

As to A-356, which reduces funding to transition reimbursement of hospital professional costs at certain hospital-based practices. We are testifying in opposition to this provision of the biennial budget.

As noted in the Overview of DHHS Investments & Adjustments in FY26-27 Biennial Budget Proposal, this cut is being described as:

Hospital Professional Fees: Hospitals have been increasingly expanding or reclassifying their affiliated medical practices. As a result, Medicaid reimbursement rates to these practices are currently the equivalent of 170 percent of Medicare rates. The Governor's budget would save \$6.9 million in FY27 by phasing in a transition to 109 percent of Medicare rates, over a five-year transition period, which is in line with other Medicare benchmarks.

We understand the Administration's concern about the impact of professional fees on patients. Our system's complex financing affects patients differently depending on the site of service, and we acknowledge this inequity.

However, until our country is persuaded to support policymakers' adoption of comprehensive healthcare reform, we can not make one change without recognizing its tremendous impact on our healthcare system.

We represent physicians in all practice settings who work hard to provide high-quality care to the patients entrusted to them in a difficult practice and payment environment. Our members work in various practice settings, each with a different financing methodology. These practice settings include:

- Integrated health system which has chosen "provider-based" reimbursement (42 CFR §413.65);
- Integrated health system which has not chosen "provider-based" reimbursement;
- Independent community hospital;
- Critical access hospital;
- Federally-qualified health center (FQHC);
- Independent, multi-disciplinary physician practice;
- Specialty physician practice with associated ambulatory surgical facility;
- Specialty physician practice with no associated ambulatory surgical facility;
- Traditional small/solo independent physician practice (primary or specialty care);
- "Direct contracting" independent physician practice, such as "direct primary care" (primary or specialty care).

In each of these practice settings, physicians and their administrative staff must attempt to meet that constantly evolving standard of care by investing in infrastructure (physical

plant/facilities; medical equipment from simple to very complex; health information technology) and the workforce necessary to meet our expectations as patients.

In some of the practice settings mentioned above, a professional fee is a component of reimbursement designed, as the name suggests, to cover charges for medical services provided by healthcare providers. The "provider-based" reimbursement program is based on the hospital or health system providing financial and clinical systems infrastructure and support to associated outpatient practices. This program has been part of the primary care base in rural Maine for more than 20 years and prevented the closure of many primary care practices under the cost burden of investment necessary to keep up with the standard of care.

It is true that a patient who seeks medical service or procedure "X" might be subject to a professional fee depending on the site of service he or she chooses and, in keeping with health care price transparency statutes already in place in Maine, we should continue our efforts to educate Maine consumers about the cost of medical care.

However, this punitive attempt to address the problem seeks to remove a key piece of healthcare financing without considering the overall impacts, and it is the wrong approach. Hospitals in Maine are struggling to stay open, and this move would only add to that struggle.

We urge you to strike this portion of the biennial budget for these reasons. We would be happy to continue the discussions on healthcare reform efforts and would encourage this committee to review the Maine Medical Association's Statement on Reform of the U.S. Health Care System.<sup>1</sup>

Thank you for your time, and I would be happy to answer any questions.

Paul Cain, MD  
Immediate Past President of the Maine Medical Association

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[https://mainephysicians.org/wp-content/uploads/2024/08/statement\\_hcr\\_mma\\_board\\_adopted\\_6\\_7\\_23\\_FINAL.pdf](https://mainephysicians.org/wp-content/uploads/2024/08/statement_hcr_mma_board_adopted_6_7_23_FINAL.pdf).