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Testimony of the Maine Ambulance Association Before the Maine Appropriations and Financial Affairs (AFA) Committee in

Opposition to LD 210-Part TT

February 12, 2025

Senator Rotundo, Representative Gattine and Members of the Appropriation and Financial Affairs Committee,

My name is Butch Russell, and I am here on behalf of the Maine Ambulance Association (MAA), which represents emergency medical service (EMS) providers across the state. We appreciate the opportunity to provide testimony on Part TT of the Governor's proposed budget, which includes a 6% tax on ambulance services.

We oppose this proposal as written, but we strongly support the goal of implementing a sustainable supplemental payment program for non-municipal ambulance services—one that ensures the funding generated is reinvested back into the services paying the tax.

The Maine EMS system is at a critical juncture. The Blue Ribbon Commission (BRC) to Study Emergency Medical Services has now, in two separate reports, documented the growing crisis in EMS Services across the state—especially small, non-municipal providers—are facing severe financial challenges, workforce shortages, and increasing difficulty maintaining 911 coverage. This makes it even more important that any tax or funding mechanism be structured to strengthen EMS services, not unintentionally weaken them.

Concerns with the Proposal as Written

1. The Tax Structure Needs Adjustments to Protect EMS Services

- The current structure taxes **all revenue**, including municipal subsidies that support 911 services. These funds are provided to EMS agencies for the purpose of maintaining readiness, not as patient-generated revenue.
- We recommend excluding municipal subsidies from taxation, ensuring the tax applies only to patient-care revenue, consistent with other healthcare provider taxes.

2. Funding Must Benefit Those Paying Into the System

- The proposed tax is intended to generate federal matching funds for MaineCare reimbursement increases. However, it remains unclear whether the increased reimbursement will go directly to

the non-municipal providers paying the tax or if it will be distributed more broadly across all EMS services.

- If the increased reimbursement is spread across more than 200 EMS providers statewide, while only about 40 non-municipal providers are taxed, the financial benefit for those paying the tax may be minimal or even negative.
- We strongly recommend ensuring that all tax revenues and federal match funds be reinvested directly into the providers paying into the system, aligning with the original intent of a supplemental payment program.

3. Redirecting Of Funds From The Tax

- The current plan appears to redirect \$2 Million to other MaineCare Shortfalls
- This would direct money away from our struggling EMS service that desperately need it to survive.
- We strongly recommend changing the language to direct all funds directly to the EMS Services being taxed.

4. The Cash Flow Impact Must Be Addressed

- Small non-municipal EMS services operate with limited cash reserves. Requiring them to pay a tax upfront and wait for potential reimbursement increases may create cash flow challenges.
- We recommend adjusting the payment structure to minimize upfront financial strain on providers, ensuring the system remains financially viable.

Conclusion

The Maine Ambulance Association supports and has previously recommended to Legislature the creation of a well-structured supplemental payment program that ensures taxed providers can directly benefit.

While we oppose Part TT as currently written, we are eager to work with legislators to refine this proposal to achieve its intended goal without unintentionally harming the very providers it seeks to support.

We appreciate your time and consideration and look forward to working together on a solution that strengthens EMS services across Maine.

Respectfully submitted,

Butch Russell, Executive Director
Maine Ambulance Association