



TESTIMONY OF THE MAINE HOSPITAL ASSOCIATION

Neither For Nor Against

LD 558 - *An Act to Strengthen Consumer Protections by Prohibiting the Report of Medical Debt on Consumer Reports*

LD 902 - *An Act to Establish the Medical Debt Relief Program*

LD 1030 - *An Act Regarding the Reporting of Medical Debt on Consumer Reports*

March 24, 2025

Senator Bailey, Representative Gramlich and members of the Health Coverage, Insurance and Financial Services Committee, I am Jeffrey Austin and I am here on behalf of the Maine Hospital Association neither for nor against LD 558 and LD 902.

With respect to LD 902, we have no real objection but we do want to raise concerns about the sentence on lines 20 – 22. We're not really sure what it means to give this proposed entity the "authority to enter into a contract for the purchase, **cancellation or forgiveness** of medical debts." *To be clear, we oppose giving the state the authority to cancel debts owed to hospitals.*

With respect to LDs 558 and 1030, we agree that it is unfair for people to have their credit damaged because they face a medical hardship.

However, the State should do more than simply tell providers what they can't do to collect debts. What do you want us to do when patients owe us money for the care we provided?

The State uses criminal sanctions to motivate people to pay taxes owed to the State government.

Municipalities use the threat of a lien on your house and take it if people don't pay property tax owed to the cities and towns.

Hospitals don't have very much leverage to collect legitimately owed debts. Leveraging credit reports is one of the only tools we have.

An auto body shop won't return your car until you pay for the repairs. A restaurant or a retail store will call the police if you leave without paying.

Hospitals and other medical providers are in a somewhat unique situation; patients receive their services and then walk out our front door without paying. Then the hospitals have to chase payment from the carrier – who has every incentive to delay, deny or otherwise refuse or reduce payment. Or, they simply shift the burden back onto the patient with a high deductible plan.

One of our biggest financial challenges is simply getting paid for medically necessary care that is provided. Hospitals endure roughly \$200 million per year in uncompensated care.

We asked this committee for a solution a few years ago; a simple and elegant solution that would have obligated carriers to pay providers 100% of what is owed and then would have shifted the to carriers the job of collecting the co-pays and deductibles that they impose on patients. This idea was rejected.

So here we are. Our proposals for reform have been rejected, hospitals are in dire financial condition, we have very little power to collect reimbursement we are owed and now our relatively mild collection tool of using the credit report is being removed. And nothing is being offered as a substitute.

We don't want patients to suffer as a result of a medical hardship. But our financial hardship should not be ignored either.

Thank you for accepting this testimony from the Maine Hospital Association.