



TESTIMONY OF THE MAINE HOSPITAL ASSOCIATION

In Opposition To

LD 1152 - *An Act to Expand the Right to Shop for Health Care Services*

April 8, 2025

Senator Bailey, Representative Mathieson 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 testifying in opposition to LD 1152.

This is a bill we have opposed in the past.

As we understand it, the supporters of this bill are simply looking for ideas to help consumers lower their costs when acquiring health care services.

Nevertheless, we believe that this bill is an unwarranted, further intrusion of the state into the health care market. State actions distort the healthcare market enough; further intrusion is not going to improve the situation.

Private businesses, such as hospitals, must accept the consequences of the private decisions they make. That is, to the extent a hospital has higher prices due to decisions related to the facilities it builds or the salaries it pays, that hospital must acknowledge that those decisions were their own and that these decisions may make them less price competitive.

However, there are other reasons prices are higher in hospitals that are rooted in either decisions made by state government or are due to the public mission non-profit hospitals serve.

Hospitals treat Medicaid patients (at a loss) operate emergency departments (often at a loss) subsidize primary care (sometimes at a loss) provide charity care (at a complete loss) and provide a variety of services for which costs outweigh the revenues. Many of them also subsidize other related industries at a loss, such as nursing homes that would otherwise close.

A rational business decision would be to provide only profitable services, like orthopedic surgery and only for patients who provide adequate reimbursement – like commercially insured patients.

Many private health care entities that compete with hospitals do just that. Due to their more limited range of services and their much better payer mix, these providers “beat” the prices hospitals charge for similar services. They don’t need to offset losses from the other services that serve broader societal goals or losses from the uninsured.

Nevertheless, the world of healthcare is a competitive marketplace and many commercially insured patients have a significant incentive to shop today. The fastest growth segment for the commercially insured is high-deductible plans.

When a patient has a high-deductible plan, they receive 100% of the cost difference between a higher cost provider and a lower cost provider. They don’t need the state to artificially manufacture an incentive; that incentive exists. Furthermore, patients with traditional insurance coverage that does not qualify as a high-deductible plan, have exposures to cost as well.

Additionally, insurance companies have shopping tools and have a financial interest in steering patients from high-cost providers to lower-cost providers.

But the market values things other than just immediate cost. The market values location and convenience; the market values established relationships between patients and physicians; the market values quality and outcome ratings and the market values all kinds of other things that free markets value.

While free markets aren’t perfect and the healthcare market is one of the most dysfunctional for many reasons; we don’t feel that is justification for making it even more distorted and even less free.

If employers or carriers push people to shop based upon price, hospitals must accept it as a fact of life. What we can’t accept is state government using its power to push individuals to shop based upon price.

This bill removes two concessions that the Legislature granted us years ago as part of this legislation. First, in order for out-of-network providers to be included they must at a minimum accept Medicaid. Second, it left the plan design to the carriers.

While we oppose the underlying statute and would like the whole thing to go away, we are willing to accept the compromise that is in place now without further change.

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