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Testimony in Support of LD 1713
An Act to Prohibit Certain Provisions in
Health Care Provider Contracts with Insurance Carriers April 29, 2025

Senator Bailey, Representative Mathieson, and Members of the Health Coverage, Insurance, and Financial Services Committee.

My name is Dan Demeritt, the Executive Director of the Maine Association of Health Plans. Insurance coverages offered or administered by our member plans provide access to care and better outcomes for many of the Mainers who receive coverage through an employer plan or the individual market. Our mission as an association is to improve health by promoting affordable, safe, and coordinated health care.

Maine's network of thirty-six hospitals has undergone significant consolidation over the last several years, resulting in the emergence of two market-dominating healthcare systems that employ thousands of primary and specialty care providers and control a host of outpatient centers, pharmacies, laboratories and home health care providers.

Together Maine's healthcare systems generated \$9.6 billion in total operating revenue in 2023 according to the Maine Health Data Organization's Health Systems Financial Report.¹ The report's Health System Affiliations summary is provided with my testimony.

L.D. 1713 addresses potential abuses of monopolistic power of consolidated healthcare networks in contract negotiations. It prevents the use of anti-tiering, all-or-nothing, and anti-steering clauses that could force one-sided agreements and restrict the development of provider networks that give employers and consumers choices around the costs and quality of care they receive.

Market Control, Network Adequacy Standards and Brinksmanship

Health plans regulated by the Maine Bureau of Insurance are required to meet network adequacy standards that are reviewed by the Bureau. This includes, for example, meeting applicable time and distance standards to at least one provider offering in-person services of each specialty type for at least 90% of consumers within each county in the service area.²

Healthcare Systems who enjoy consolidated control of Maine's provider networks can leverage these requirements in negotiations with health plans.

¹ https://mhdo.maine.gov/pdf/Report_C_FY23_All_Financial_HealthSys_241112.pdf

² <https://www.maine.gov/pfr/insurance/sites/maine.gov.pfr.insurance/files/inline-files/477.pdf>

Monopolistic Power and Higher Prices

Hospital system consolidation may help support rural community hospitals, but national reports suggest that centralizing control of healthcare infrastructure, administration, and access to providers creates monopolistic power and higher prices. Findings in the Medicare Payment Advisory Commission's report to Congress on Health Care Provider Consolidation include:

- Commercially insured patients in consolidated markets appear to pay higher prices for care and higher prices for insurance.
- American Hospital Association data indicate that prices charged to commercial insurers are more than 50% above hospital costs on average, indicating hospital negotiation power.
- The average monopolist hospital system obtains 12 percent higher rates than the average hospital.³

Maine Hospital Spending Grows 6 Times Faster than Household Incomes

We are not aware of a Maine-specific study on costs and health system consolidation, but the Office of Affordable Health Care reports the following troubling trends in its 2024 Annual Report:

- Maine has the 14th highest per capital hospital spending in the country.
- 39% of health care expenditures in Maine are spent on hospital services.
- At 164%, cumulative growth in Maine per capita hospital expenditures exceeds national growth by 20 percentage points and grew more than 6 times faster than median household income (2001-to 2020).⁴

L.D. 1713 helps to level the playing field between health plans and plan sponsors and market-dominating healthcare systems. Passage of L.D. 1713 will create new opportunities to develop value-focused provider networks that can create out-of-pocket savings for consumers and reward the Maine providers who consistently deliver the highest quality care.

Thank you for your consideration. We urge a Vote of Ought to Pass.

³ https://www.medpac.gov/wp-content/uploads/import_data/scrape_files/docs/default-source/reports/mar20_medpac_ch15_sec.pdf, p.459, 468, & 470

⁴ <https://www.maine.gov/oahc/sites/maine.gov.oahc/files/2025-01/OAHC%202024%20Annual%20Report.pdf>, p.9-10

State of Maine Health System Affiliations

Health System	Hospital / Non Hospital Affiliations
MaineHealth System (MaineHealth Services & Subsidiaries)	Coastal Healthcare Alliance Community Health & Nursing Services Franklin Community Health Network Franklin Memorial* LincolnHealth* Maine Behavioral Healthcare* Maine Medical Center* MaineHealth MaineHealth Accountable Care Organization MaineHealth Services MaineHealthCare at Home Mid Coast Geriatric Services Corp Mid Coast Health Management Corp Mid Coast Hospital* Mid Coast Medical Group Mid Coast-Parkview Health NorDx Penobscot Bay Medical* Southern Maine Health Care* Stephens Memorial* The Memorial Hospital at North Conway, N.H. Thornton Oaks Development Corp Waldo County General* Western Maine Healthcare
Eastern Maine Healthcare Systems d/b/a Northern Light Health	Acadia Hospital, Corp. d/b/a Northern Light Acadia Hospital * Affiliated Healthcare Management Affiliated Healthcare Systems (AHS) Affiliated Laboratory, Inc. d/b/a Northern Light Laboratory Aroostook Medical Center, The d/b/a Northern Light A.R. Gould Hospital * Beacon Health Blue Hill Memorial Hospital d/b/a Northern Light Blue Hill * Charles A. Dean Memorial Hospital d/b/a Northern Light CA Dean Hospital * Eastern Maine Medical Center d/b/a Northern Light Eastern Maine Medical Center* EMHS Foundation d/b/a Northern Light Health Foundation Inland Hospital d/b/a Northern Light Inland Hospital * LTC, LLC M Drug, LLC d/b/a Northern Light Pharmacy Maine Coast Regional Health Facilities d/b/a Northern Light Maine Coast *

State of Maine Health System Affiliations *(continued)*

Health System	Hospital / Non Hospital Affiliations
	<p>Mercy Hospital d/b/a Northern Light Mercy *</p> <p>MRH Corp. d/b/a Northern Light Mayo Hospital (Mayo)*</p> <p>Northern Light Health</p> <p>Northern Light Medical Transport</p> <p>Rosscare</p> <p>Sebasticook Valley Health d/b/a Northern Light Sebasticook Valley *</p> <p>VNA Home Health & Hospice d/b/a Northern Light Home Care & Hospice</p> <p>Northern Light Wellbeing, LLC formerly known as WorkHealth LLC</p>
Central Maine Healthcare Corporation & Subsidiaries	<p>Bridgton Hospital*</p> <p>Central Maine Community Health Corporation</p> <p>Central Maine Health Ventures, Inc</p> <p>Central Maine Medical Center*</p> <p>Central Maine Real Estate Management Corp.</p> <p>CWM Insurance Ltd.</p> <p>Rumford Community Health Center</p> <p>Rumford Community Home Corp</p> <p>Rumford Hospital*</p>
MaineGeneral Health & Subsidiaries	<p>Kennebec Risk, LLC</p> <p>MaineGeneral Community Care</p> <p>MaineGeneral Medical Center*</p> <p>MaineGeneral Rehabilitation & Long Term Care</p> <p>MaineGeneral Virtual Health</p>
Maine Medical Center & Subsidiaries	<p>Maine Medical Center*</p> <p>Maine Medical Partners</p> <p>St. Joseph's Rehabilitation and Residence</p> <p>MMC Realty Corporation</p>
* See unconsolidated data in hospital financial Reports A and B.	