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Eastern Maine Medical Center
Home Care & Hospice
Inland Hospital
Maine Coast Hospital
Mayo Hospital
Mercy Hospital
Northern Light Health Foundation
Northern Light Pharmacy
Sebasticook Valley Hospital

**LD 1937 An Act to Require Hospitals and Hospital-affiliated Providers to
Provide Financial Assistance Programs for Medical Care**

**Testimony in Opposition
May 12, 2025**

Senator Ingwersen, Representative Meyer and members of the Health and Human Services Committee, my name is Lisa Harvey-McPherson RN. I am here today speaking in opposition to this bill on behalf of Northern Light Health and our member organizations. Northern Light Health member organizations include 10 hospitals located in southern, central, eastern and northern Maine, nursing facilities, air and ground ambulance, behavioral health, addiction treatment, pharmacy, primary and specialty care practices and a state-wide home care and hospice program. Ninety three percent of Maine's population lives in the Northern Light Health service area. Northern Light Health is also proud to be one of Maine's largest employers with more than 10,000 employees statewide.

I want to begin my testimony with comment that Northern Light Health member organizations are meeting our charity care mission for the communities we serve. In 2024 our charity care obligation totaled \$12.1 million dollars, in 2023 we provided \$12.6 million dollars in charity care. Our total community benefit investment in the past fiscal year totaled over \$320 million dollars, charity care is included in this number.

Fiscal year 2024 was the third year of challenging financial performance for Northern Light Health. The 2024 operating loss totaled \$156 million, creating tremendous fiscal pressure on our organization and the services we provide. Revenues for our services largely come from governmental payments (Medicare and Medicaid) that chronically reimburse us less than the cost of care. Sixty- six percent of our revenue comes from governmental payers. In 2024 our government underpayment reached an historic level – the payment gap reached nearly \$300 million dollars. This is the core financial challenge driving our negative financial performance. Today we are also challenged by the weekly caps in MaineCare payments to hospitals, the impact to Northern Light Health is projected to be an underpayment of \$23 million dollars by the end of June.

Since the beginning of our fiscal year last October, we have worked diligently to align our cost structure with revenues received for the care we provide. Initial adjustments focused on reducing administrative costs, as time went on, we made very difficult decisions regarding service reductions, including the closure of Northern Light Inland Hospital. We simply can not sustain the financial losses. Our work continues and difficult decisions will continue to be made as returning to positive financial performance is a multiyear effort. We also do this work at a time of unprecedented risk

as Congress considers cuts to Medicaid and federal health care programs that will impact us all.

This is the lens through which I evaluate this bill, and we cannot support it. This bill increases the charity care threshold for hospitals from the current 150% of federal poverty level to 200% of FPL. The bill also makes significant changes to applications and eligibility requirements and payment plans. Changes that increase administrative costs that must be paid for. I cannot obligate our organization to legislation that will have negative financial impact. Returning to stable financial performance requires this level of discipline.

There is a change that I can offer for consideration that aligns with our charity care policy. The recommendation focuses on the section of the bill increasing charity care to 200% of FPL. The committee could consider retaining the 150% FPL threshold for full charity care offset and then require a sliding fee charity care program up to 200% of FPL. The sliding fee program must be limited to uninsured patients, we should not be obligated to use our charity care resources to offset the impact of employer health plans with financial responsibilities for care that impact their employees.

Thank you for the opportunity to speak in opposition to this bill.