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Maine Equal Justice

People Policy Solutions

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Testimony in Support of LD 1937, *An Act to Require Hospitals and Hospital-Affiliated Providers to Provide Financial Assistance Programs for Medical Care*

May 12, 2025

Good morning Senator Ingwersen, Representative Meyer, and honorable members of the Joint Standing Committee on Health and Human Services. My name is Alex Carter, I use she/her pronouns, and I am a Policy Advocate at Maine Equal Justice (MEJ), a nonprofit civil legal aid provider working to increase economic security, opportunity, and equity for people in Maine. On behalf of MEJ and the people with low income who we represent, I am pleased to testify **in support of LD 1937** today–a bill to improve the provision of and access to hospital financial assistance programs across the state.

Access to affordable health care is a persistent challenge for Mainers at all income levels. Yet, people with low income and those who are uninsured or underinsured face the greatest access barriers and financial consequences of our high cost of health care.

Medical debt is one punitive symptom of unaffordability and Mainers hold a particularly high burden of medical debt when compared with other New England states. Approximately 6% of all Mainers have medical debt that has gone to collections and upwards of 14% of residents in Somerset County alone have medical debt in collections.[1] A statewide survey of Maine voters released in 2025 showed that half of all Maine households surveyed have incurred medical debt within the last two years and that two out of three families had experienced financial hardship as a result of unpaid medical bills.[2] Hospital care is a primary driver of medical debt, nationwide and here in Maine, and those who report unpaid bills cite costs associated with emergency care, hospitalizations, and hospital diagnostics as the main sources of their debt.[3]

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[1] https://apps.urban.org/features/debt-interactive-map/?type=medical&variable=medcoll&state=23

[2] Examining Voters' Views Towards Health Care in Maine; Consumers for Affordable Health Care, March 2025: https://drive.google.com/file/d/1of-aZWztHbCJDGZODeqoWEVvYcokHw41/view

[3] https://www.kff.org/health-costs/issue-brief/hospital-charity-care-how-it-works-and-why-it-matters/

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The Affordable Care Act and subsequent MaineCare expansion, made enormous strides in reducing the number of Mainers who are uninsured, from 8% in 2019 to 5.7% in 2021–the largest percentage decline in the country.[4] Not only are more people than ever able to access the health care they need, expansion also significantly reduced the number of unpaid bills and amount of debt going to third-party collection agencies.[5] Due to higher rates of coverage, Maine hospitals now receive more reimbursements for their services, incurring less bad debt and spending less on uncompensated, charity care.[6]

Despite these significant improvements, health care remains unaffordable for those who are ineligible for MaineCare due to their income or immigration status or who cannot afford the costs of premiums or an unexpected medical bill, even with private insurance. Congress is currently contemplating historic constraints to the federal Medicaid program and may allow the enhanced premium tax credits for Marketplace coverage to expire.[7] Such proposals threaten to reverse much of the progress we've made as a state and worsen the existing gaps in access and affordability for hundreds of thousands of Maine people.[8] In the absence of a universal option, and with the potential loss of coverage looming for so many, hospital charity care or 'free care' in Maine, plays an ever more important role in our health care safety net.

Free Care

Hospital 'Free Care' is the name for the income-based programs that provide financial assistance to Mainers who are unable to pay for all or a portion of the cost of their medical care. Federal law requires that non-profit hospitals provide community benefit programs, including financial assistance, to maintain their nonprofit and tax exempt

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[4]https://aspe.hhs.gov/sites/default/files/documents/15c1f9899b3f203887deba90e3005f5a/Uninsured-Q1-2022-Data-Point-HP-2022-23-08.pdf

[5]https://pmc.ncbi.nlm.nih.gov/articles/PMC6208351/#:~:text=We%20find%20that%20the%20Medicaid,low%2Dincome%2C%20uninsured%20individuals.

[6] https://www.cbpp.org/blog/medicaid-expansion-cuts-hospitals-uncompensated-care-costs

[7]https://www.maine.gov/dhhs/news/impact-expiring-health-insurance-tax-credits-maine-wed-05072025-1200

[8]https://www.maine.gov/dhhs/sites/maine.gov.dhhs/files/inline-files/The%20Impact%20of%20Proposed%20Federal%20Medicaid%20Changes%20on%20MaineCare.pdf

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status, which includes an exemption from paying property taxes.[9] While hospitals bear the direct costs of providing free and discounted care, a 2021 study showed that the value of the tax exemption alone covered approximately 50% of the cost of community benefit programs within a 7 year period[10] and data from the National Academy of State Health Policy (NASHP) shows that, for the majority of Maine hospitals, free care costs represent less than 1% of net patient revenue.[11]

In Maine, our state charity care statute simply directs the Department of Health and Human Services to adopt guidelines governing charity care in keeping with federal law[12]–regulations that have not been updated since 2007. Maine's current guidelines require that "hospitals provide free care for medically necessary inpatient and outpatient services" for those at or below 150% of the Federal Poverty Level (FPL) and establish procedures for income determination and notification. Within these broad federal and state parameters, individual hospitals and health systems establish their own free care policies, which can differ significantly and lead to broad variation in implementation.

Some health systems in Maine are playing an outsized role in the provision of free care and have independently elected to raise income eligibility standards and the set of services covered by their free and sliding scale programs. Others have more narrowly interpreted the state's guidelines and, through our legal services work, we find that many facilities still do not comply with the minimum standards for patient notification and residency requirements. This means that the level of financial assistance you receive and whether the availability of free care is widely publicized is dependent on where you live in the state and what hospital facility you have access to. LD1937 will create a more comprehensive law to govern hospital financial assistance programs in Maine and an updated, universal set of standards to level the playing field for patients and the participating health systems that are already doing the right thing.

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[9] https://www.kff.org/health-costs/issue-brief/hospital-charity-care-how-it-works-and-why-it-matters/

[10] https://onlinelibrary.wiley.com/doi/full/10.1111/1475-6773.13668

[11] https://tool.nashp.org/

[12] https://legislature.maine.gov/statutes/22/title22sec1716.html

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We support LD 1937 in its entirety but my testimony will focus on the sections we deem most impactful for our legal services clients and community members with low income.

I. Sec. 1. 22 MRSA §1715

Section 1 of the bill makes a number of necessary language changes and aligns the existing statute with the new section 1716-A.

II. Definition and Proof of Residency

The bill clarifies the definition of state resident to more closely align with MaineCare's definition and makes explicit that farm workers and other seasonal workers are eligible for Free Care. One problem our legal services team has encountered is that some hospitals have more stringent internal policies for proving residency than others, including, in one case, a requirement to produce a copy of a Maine State Income Tax return or a Maine State driver's license or ID.[13] Many seasonal workers do not possess or have trouble producing these documents, despite having other proof of residency, like utility bills, which are accepted by other facilities. LD 1937 remedies this discrepancy stating that a hospital, "shall use documentation specified by the department by rule that may be used as proof that the applicant is a state resident."

III. Income Eligibility

Maine's current Free Care guidelines establish the minimum income level for eligibility at 150% FPL or $23,475 annual income for a household of one. MaineCare expansion covers non-disabled adults with a qualifying immigration status up to 138% of the FPL. However, we know there are many people with only slightly higher incomes who don't receive employer-sponsored health insurance and who still struggle to afford even the subsidized, low-cost plans through our state-based Marketplace. The income eligibility

[13]https://www.mainegeneral.org/app/files/public/60cdefb5-cf75-4411-a6eb-953e1b9ea8c8/financial-assistance-policy-2021.pdf

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threshold for Free Care in Maine has stayed at 150% FPL since 1995 and does not reflect the current economic reality.

Section 3 of the bill clearly defines income using the modified adjusted gross income (MAGI) methodology and raises the minimum income level for the provision of Free Care to 200% FPL, or an annual income of $31,300 for an individual.[14] Many Maine hospitals, including Maine Health, already meet this income eligibility standard,[15] and some also provide partial or discounted financial assistance at income levels above 150% FPL.[16] LD 1937 would codify a new minimum standard for greater uniformity across health systems and allow more people, in all parts of the state, to afford the care they need.

IV. Improved Access and Notification Requirements

The impact of the above changes will be limited if people aren't aware of the availability of Free Care or face barriers in the application or notification process. Timely notifications of an incomplete application, eligibility determination, and ability for a fair hearing are particularly important to avoid delays in seeking necessary medical care. LD 1937 requires hospitals widely publicize their financial assistance programs, including a plain language summary and an online application, and provide individual written notice of the availability of Free Care to each patient.

Due to the current exclusions in our MaineCare program which bar adults with certain immigration statuses from receiving MaineCare, many of the people we assist with Free Care cases are immigrants whose first language is not English. From our experience, access to translated materials and interpreters to assist people with applications is often limited and similarly dependent on the hospital system where the patient presents. Given the outsized role Free Care plays in the provision of health

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[14] https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines

[15] https://www.mainehealth.org/patients-visitors/billing-and-financial-services/financial-assistance

[16] https://northernlighthealth.org/getattachment/billing-help/Document-Submenu/Financial-Assistance-Plain-Language-Summary/FAP-Plain-Language-Summary-2021-English-with-1557-v1.pdf.aspx?lang=en-US

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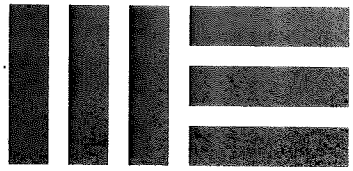

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care for Maine's immigrant communities, it's imperative that language access be prioritized and codified as a requirement for all hospital financial assistance programs.

V. Consumer Protections

The lack of transparency and publicity surrounding Free Care often results in consumers receiving medical bills that they cannot afford to pay. MEJ is commonly contacted by people who receive medical bills and collection notices, even after they apply and qualify for financial assistance. Oftentimes unpaid bills are sent to collections by a hospital without a discussion of a payment plan with the patient and it's the collection notice that prompts them to complete an application for Free Care. This leads to enormous confusion and anxiety and can sometimes negatively impact a consumer's credit score before the payment is resolved.

LD 1937 establishes that hospitals must include the process for disputing charges on a patient's bill and offer payment plans with monthly out-of-pocket payments that do not exceed 3% of the patient's monthly family income for applicants with family incomes at or below 400% FPL. Putting people on payment plans they cannot afford or sending outstanding debt to third-party collection agencies to harass individuals who don't have the means to pay is both a waste of time and contrary to the intent of financial assistance policies. This bill will help to ensure that these harmful collection practices are minimized and applicants are given a fair opportunity to pay their debts.

I. Conclusion

Similarly situated people who are struggling to access affordable healthcare in Maine are being treated differently depending on where they seek services. LD 1937 would create an updated, universal set of standards and patient protections for all hospitals in the state to follow in keeping with the original intent of Free Care—to provide medically necessary health services to those who cannot afford to pay.

LD 1937 mirrors an amended bill (LD 1955) that was passed through the House and Senate last year but, along with several other bills, did not receive final passage due to procedural issues at the end of the last legislative session. LD 1955, and now LD 1937,

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are the product of significant negotiation and compromise that took place last year, resulting in language that health care consumer advocates and individual hospitals both agreed to. For all these reasons and for the health of Maine people, we urge you to vote ought to pass on LD 1937.

Thank you,
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