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Testimony of Representative Michelle Boyer introducing

LD 1785, An Act to Encourage Competition by Requiring Independent Health Care Provider Cost-of-living Adjustments in Health Insurance Contracts

Before the Joint Standing Committee on Health Coverage, Insurance and Financial Services

Good afternoon, Senator Bailey, Representative Mathieson and distinguished colleagues of the Health Coverage, Insurance and Financial Services committee. I am Rep. Michelle Boyer proudly representing District 123, which includes part of Cape Elizabeth. I am here today to present **LD 1785, An Act to Encourage Competition by Requiring Independent Health Care Provider Cost-of-living Adjustments in Health Insurance Contracts**.

I am sponsoring this bill on behalf of the Maine Chiropractic Association (MCA) and all independent practitioners. These multi-disciplined providers are essential to our health care system, and they need our help. As policymakers committed to fostering a competitive, accessible and sustainable health care system, we have an opportunity to support an essential segment of the health care workforce: **independent health care providers**.

Small, independent providers are an integral part of our healthcare system; however, these small providers are unable to negotiate with insurers. Providers are often told by the insurance companies that rates will not be negotiated. This has a trickledown effect in that providers aren't able to increase pay for their employees. It is critical that we do all that we can to enact legislation that supports these professionals, as small businesses are significant job providers in our state. In fact, in 2020 **55.9% of employment** in Maine could be attributed to small businesses.

LD 1785 would require health insurance contracts with independent health care providers to include **annual cost-of-living adjustments (COLAs)** tied to inflation indices. This ensures that reimbursement rates remain fair and sustainable in the face of rising operational costs.

By enacting legislation that requires COLAs in insurance contracts with these providers, we can address rising health care costs, improve access in underserved areas and strengthen competition in a market increasingly dominated by larger systems.

Independent providers are defined in the bill as an individual practice with up to 25 members that are not affiliated with a hospital. They often face **stagnant reimbursement rates**, while large health systems have the negotiating power to secure annual increases.

This imbalance is pushing small practices out of business and accelerating health care consolidation—a trend that reduces consumer choice, drives up prices and leads to monopolistic behavior.

Operating costs for medical practices—rent, salaries, insurance, technology and regulatory compliance—**rise annually**. Without COLAs, independent providers are essentially being asked to deliver care at a financial loss.

By requiring COLAs, this legislation would:

- Help practices maintain financial stability amid inflation.
- Prevent workforce attrition due to non-competitive wages.
- Preserve small business health care providers across your districts.

This is not a handout; it is a mechanism to ensure providers are not disadvantaged by inflation while delivering essential public services.

Independent providers are often the **first line of care** in rural and underserved areas. Their office closures disproportionately affect our seniors, low-income families, individuals with chronic conditions and rural communities with few or no nearby hospital systems.

Mandating COLAs helps ensure these communities continue to receive timely, affordable care, **reducing strain on emergency departments** and large systems already at capacity.

This proposal does not require public spending. It **regulates private contract fairness**, ensuring that reimbursement rates are adjusted in a transparent, inflation-sensitive manner—just like wages, social security and other indexed obligations.

Starting on Jan. 1, 2026, The bill requires health insurance plans between an individual practice and a health carrier to include a provisions in a contract that increase compensation for services from the prior year. The increase would reflect the rise in the Consumer Price Index from the previous year.

In a time of escalating health care costs, rising inflation and increasing consolidation, this legislation offers a **targeted approach** to protect choice, competition and health care access. By requiring COLAs in insurance contracts with independent providers, LD 1785 can help preserve a diverse, sustainable health care system that works for all continents, not just large systems and insurers.

Before closing, I would like to request a sponsor amendment. It has come to my attention that the small practice number at 25 should be increased to 40. There are practice groups that are spread out over multiple locations and their size does not mean they can command better reimbursement.

Thank you for your consideration of the bill. I would be happy to answer any questions but there are many providers here to answer the issues impacting their operations.