



LD 1972 An Act to Enhance Transparency and Value in Substantial Health Care Transactions by Changing the Review and Approval Process for Those Transactions

**Testimony in Opposition
May 20, 2025**

Senator Bailey, Representative Mathieson and members of the Health Coverage Insurance and Financial 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.

Today Maine is one of 35 states with a Certificate of Need program, our program dates back to 1978. Over time various legislatures have evaluated our CON program and implemented changes that increased the regulatory burden and then later relaxed the regulatory burden. With all of the review, analysis and input both for and against, policy makers have always come to agreement that the general framework of a Certificate of Need program should exist as a health planning tool to balance investment of limited resources and the provision of care and services to Maine citizens. CON review has reflected the changes in Maine's healthcare environment. The last substantial change to the CON law/rules was in 2011 with focus on capital investments. Today many of the discussions focus on mergers, acquisitions and closures. A legislative and stakeholder group focused on this aspect of Maine's CON law is an appropriate response. It is important to remember that the analysis and debate has never concluded that the CON law and regulatory process is so fundamentally flawed that it must be replaced but yet this is the proposal we are debating.

The bill before you today is a massive bureaucratic proposal that seeks to regulate health care transactions in such a way that our health care infrastructure could collapse under the weight of this onerous proposal. Every health care entity in Maine with total assets or total revenues of at least \$10,000,000 engaging in a material transaction will be burdened by a regulatory review framework breathtaking in its scope and unrestrained in its financial burden for healthcare entities. Material transactions are defined so broadly that changes involving staffing, leases, partnerships, accountable care organizations, joint ventures and closures will all be subject to a review process that is so expansive one cannot fully comprehend how to operationalize delivery of

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Mayo Hospital
Mercy Hospital
Northern Light Health Foundation
Northern Light Pharmacy
Sebasticook Valley Hospital

healthcare services when transactions that are the normal course of business will be effectively halted by regulatory oversight.

For example, in 2024 Northern Light Health contracted with Compass Group, a major food and environmental services provider. Compass Group has a history of partnering with industry leaders to leverage their expertise and resources in partnership with Compass success in the food and environmental services industry. No jobs were lost as our staff had the opportunity to transfer to Compass Group employment. Transitioning to a 10-year contracted service, we project millions of dollars in savings. Savings are achieved when the healthcare infrastructure costs are eliminated in a contracted services model. This agreement would be subject to review under this bill delaying the transition by nearly a year. There is only downside impact with this level of government overreach.

This bill is void of real solutions to the challenges impacting health care providers.

In April of 2024 the American Hospital Association published a research brief titled – Assessing the Impact of COVID-19 on Rural Hospitals. [Assessing-the-Impact-of-COVID-19-on-Rural-Hospitals-report.pdf \(aha.org\)](https://www.aha.org/sites/default/files/2024-04/Assessing-the-Impact-of-COVID-19-on-Rural-Hospitals-report.pdf)

The brief documents that almost half of rural hospitals experienced negative margins from patient care both before the pandemic, in 2020, and in each year after. Moreover, total margins in 2022, the most recent year of data available, have declined. The hospitals that struggled financially during the study period had higher volumes of Medicare and Medicaid patients. When comparing the payer mix data in the brief to the payer mix of hospitals in Maine, Maine's governmental payer mix is HIGHER than the most financially challenged rural hospitals in the country. This is a startling data point that warrants focus and solution-oriented engagement from every level of Government.

	Medicare	Medicaid	Total Public Payers
Hospitals Nationwide that Make Money	40%	9%	49%
Hospitals Nationwide that Lose Money	51%	9%	61%
Hospitals in Maine	49%	18%	67%

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. COVID-19 permanently impacted the cost structure of health care services. The cost of labor, pharmaceuticals, medical supplies and capital are all higher than pre-COVID-19 costs. This is the core financial challenge driving our negative financial performance.

It is also critically important that policy leaders and payers understand the impact of the broken continuum of care in Maine that leaves elderly patients in need of a nursing facility bed “living in our hospitals” and children in need of community based behavioral health services “living in our emergency departments’. Our caregivers are exemplary in their dedication to all of our patients but patients, families and our services suffer negative impact when system failures result in patients waiting for weeks and months trying to access the right level of care to meet their needs. The hospital providers in the state provide the safety net for these failures in other parts of the continuum, but this is not good for patients or for the sustainability of hospital economics.

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. We simply cannot 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.

Healthcare in Maine is at a crossroad of change, governmental payer dependence will not sustain the variety and access points of services throughout the State. The access points of care that we have today in Maine will look different in the future to achieve affordability in the provision of services and the consumer cost of care. The government has a role to play and should partner with our organization and hospitals throughout the State to work collaboratively to stabilize not for profit services, access points and the financial resources necessary to provide health care for the people of Maine.

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