

LD 1890 - An Act To Facilitate The Development Of Ambulatory Surgical Facilities By
Exempting Certain Facilities From The Requirement To Obtain A Certificate Of Need

Joint Standing Committee on Health Coverage, Insurance and Financial Services
Room 220, Cross Building, Augusta, Maine
Wednesday, January 7, 2026

Good Afternoon, Senator Bailey, Representative Mathieson, and Members of the Joint Standing Committee on Health Coverage, Insurance, and Financial Services. My name is Russell Pearce. I have owned a design-build company in Maine for the past 11 years, ranging from residential to commercial projects. I am submitting this testimony in support of the amended LD. 1890. I aim to provide perspective from a construction standpoint, particularly in the current climate.

I received my degree in Construction Management in 2007 in my home state of California, but I married a Mainer, and Maine is now my forever home. Over the past 22 years, I have been the Project Manager of all-sized construction projects in California, Texas, Tennessee, and Maine, ranging from 50 million dollar shopping centers to medical clinics to custom homes. I have professionally and personally seen how the construction climate in Maine has changed over time, and how it compares to other parts of the country. For these reasons, I strongly support LD 1890 for the following reasons:

First, Maine's construction climate in 2025 can best be described as active but stressed by cost pressures. During the pandemic, I saw material prices increase significantly, by at least 20-30%. Unfortunately, prices have held there. Volatile and elevated prices are driven by tariffs, supply chain constraints, and inflationary pressures on key inputs like lumber, steel, and mechanical systems. Higher input prices and transportation costs continue to squeeze margins. As one can imagine, a business can not operate in the negative, so these costs get passed onto the client, increasing the total cost of a project. Anecdotally, I spoke with a Maine builder quoting a surgery center addition, adding two ORs, and he noted the quote was approximately 3 million pre-pandemic, but with pandemic pricing, rose to nearly 10 million.

Secondly, Workforce constraints have been one of my largest challenges in Maine compared with other states where I have worked. This likely does not come as a surprise to many of you. Skilled labor remains one of the industry's most persistent constraints. Contractors and Subcontractors frequently report to me their ongoing difficulty recruiting and retaining carpenters, electricians, and other trades, even as firms offer competitive wages. When it comes to waiting for a licensed, in-demand professional, be it an electrician, physician, etc., time is money. This labor scarcity impacts scheduling, increases cycle times on projects, and raises carry and overhead costs — effectively increasing overall project pricing.

Lastly, surgical centers have strict criteria and standards for ventilation, instrument sterilization, anesthetic gas/oxygen/suction configurations, etc. Such systems also require calibration and certification, all of which increase the cost compared to commercial or

residential facilities. Average medical outpatient construction costs now range from \$300 to \$700 per square foot, depending on clinical complexity. As a reference, \$350/square foot is a typical starting price for a home, and region-specific projects are in the \$600 to \$700 per square foot range.

A modest 4,000–6,000 square foot ambulatory center can exceed \$2–3 million before equipment. Core surgical and diagnostic equipment routinely adds \$750,000–\$2 million in capital expense. As a result, the current threshold captures minor renovations, safety upgrades, and basic outpatient expansions, subjecting anything larger to lengthy regulatory review that was never intended for projects of this scale.

Finally, I want to note that I am sure the \$5 million is appreciated, especially since it will be adjusted for inflation; however, I think the amount could be increased to at least \$7.5 million.

I hope you support LD 1890, and I am happy to take any questions.