



Northern Light Health  
Government Relations  
43 Whiting Hill Rd.  
Brewer, ME 04412

Office 207.973.5578  
Main 207.973.7050

**LD 2212 An Act Making Supplemental Appropriations and Allocations from the General Fund and Other Funds for the Expenditures of State Government and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2026 and June 30, 2027**

**February 17, 2026**

Northern Light Health  
Acadia Hospital  
AR Gould Hospital  
Blue Hill Hospital  
CA Dean Hospital  
Eastern Maine Medical Center  
Home Care & Hospice  
Maine Coast Hospital  
Mayo Hospital  
Mercy Hospital  
Sebasticook Valley Hospital  
Northern Light Health Foundation  
Northern Light Medical Transport  
& Emergency Care  
Northern Light Pharmacy  
Northern Light Work Health

Senator Rotundo, Representative Gattine and members of the Committee on Appropriations and Financial Affairs, Senator Ingwersen, Representative Meyer and members of the Committee on Health and Human Services, my name is Lisa Harvey-McPherson RN, and I am the Vice President of Government Relations for Northern Light Health. I am here today testifying in opposition to the supplemental budget proposal.

Before I outline the challenges we continue to experience, our opposition to specific budget proposals, and our request for initiatives supporting hospitals and health systems in Maine, I want to highlight the quality success of our hospitals and providers. The quality success we achieved in 2025 are highlighted in a document attached to my testimony. Every level of recognition reflects a full organizational effort focused on our patients while we continue our work to align our care structures and services with the revenues we receive.

Financial results for Fiscal Year (FY) 2025 reflect significant improvement in our performance but still an operating loss in the millions. We ended FY 2025 with a financial loss of \$14.9 million dollars compared to a loss of \$156.3 million dollars in FY 2024. We project that we will need to work over multiple years to bring our operating margin above zero. Improving our financial performance is essential to fulfilling our mission, it requires changes in our organization that are difficult for our patients and employees. In the spring of 2025, we closed Northern Light Inland Hospital after many years of multimillion dollar losses that we could no longer sustain. We also reduced our workforce by hundreds of positions, most by attrition but some were direct position eliminations. Our financial teams continue to focus on receiving payments for the care we provide, working with commercial payment systems that are structured to deny and delay payment for care. We are also improving the efficiency of the care we provide as we work to reduce the length of stay in inpatient beds and transitioning care to regional outpatient settings, primary care and home and community-based services. Unfortunately, the lack of nursing home beds in Maine is the primary driver of unnecessary inpatient days in our acute care beds.

Government underpayment for our services is a foundational challenge, as our system cares for a largely rural elderly population with a high burden of chronic disease dependent on Medicare and MaineCare insurance coverage. For FY 2025 government payments reimbursed us \$239,724,232 million dollars less than the cost of care.

Government payment represents 66% of our funding and we cannot offset the underpayment solely by cost reduction, so cost shifting to commercial insurance is part of our financial portfolio.

As we evaluate the supplemental budget we see direct financial harm, important initiatives that need to be added to the final budget package, and funding that is included that will help address the ongoing challenge of behavioral health youth living in our emergency departments for extended stays.

#### **Rebasing the Hospital Tax Year from 21/22 to 23/24**

This proposal directly harms hospitals by increasing the hospital tax with no offsetting match payment back to hospitals. For this fiscal year, ending in a few months', hospitals will be assessed a tax of \$10.9 million dollars. A cost we have not planned for and a cost that will disrupt days of cash available that need to be dedicated to the cost of care and services. For SFY 2027 the tax increases by \$23.9 million dollars once again with no offsetting match. SFY 2027 is a year in which we will experience a significant decrease in MaineCare funding as individuals come off MaineCare coverage due to federal changes including in H.R. 1 passed by Congress last July. DHHS projects that 3000 individuals will lose coverage this fall and another 31,000 individuals in 2027. For Northern Light Health, we project that the impact of reduced coverage will be \$27.3 million dollars in 2027, the very year the hospital tax increases by nearly the same amount. **We strongly oppose this budget initiative.**

#### **Harmful MaineCare Cut to Hospital Provider Services Effective July 1, 2027**

The SFY 2026 supplemental budget includes language directing MaineCare to implement a harmful reduction in payment for hospital provider services effective in SFY 2028. The language directs MaineCare to implement a payment reduction to 160% of Medicare for provider services in outpatient and inpatient settings. The Maine Hospital Association estimates the impact to be \$17 million dollars. We project the impact to Northern Light Health at \$8.6 million dollars per year. In our analysis the cut disproportionately impacts services provided by our obstetrical care providers, including deliveries, and providers in our emergency department. We strongly express our opposition to this cut at a time when the remaining OB units in state must increase capacity to offset closures and emergency rooms are at full capacity caring for community gaps in services including behavioral health care. **We ask that the supplemental budget be amended to eliminate this cut.**

#### **Timely Payment of Hospital MaineCare Cost Report Settlements**

Today we are waiting to receive \$53 million dollars in hospital cost report settlements for services provided in 2024. For care provided in 2025, we anticipate that we will receive \$40 million in estimated settlement payments in 2027. We are already financially challenged and reduced MaineCare insurance coverage will put increasing pressure on our days of cash on hand needed to cover the cost of caring for patients in real time. **We ask that LD 331, a Resolve Directing the Department of Health and Human Services to Ensure Timely Reimbursement Under MaineCare Regarding Hospital Cost Reports be added to the final supplemental budget package.** This bill is on the Special Appropriations Table awaiting funding. The bill directs MaineCare to pay

75% of hospital settlement amounts within 90 days of submitting a cost report, this standard already exists for nursing home settlement payments.

### **Nursing Home Days Awaiting Placement Payment**

Hospitals continue to be challenged with long stay patients in acute care beds waiting for discharge to a nursing facility bed. In 2025 the average length of stay in a Northern Light Health hospital for a long stay patient awaiting discharge to a nursing facility was 24.4 days, this is up from the 2024 average of 18.24 days. The number of long stay patients' system wide is consistently in a range of 30-40 patients. In 2025, long term bed searches accounted for 9394 avoidable inpatient care days with an estimated expense of \$6.3 million dollars. We believe that the new MaineCare payment methodology has stabilized nursing homes and the discharge barriers we experience now are due to the significant loss of beds statewide. From 2021 through 2025 – 751 nursing home beds closed. On February 12<sup>th</sup>, MaineCare notified hospitals that the days awaiting placement payment funding for SFY 2025 had reached the cap of \$1.5 million dollars and no additional payments would be made for dates of serviced through June 30<sup>th</sup>, 2025. In most cases, this was the only source of payment as once a patient's acute care needs are resolved, a payment source is no longer available. Given the acute challenge, we have pending days awaiting placement claims that will not get paid. **We ask that the supplemental budget be amended to fund the SFY 2025 days awaiting placement claim volume, provide funding in SFY 2026 to fully fund the account and direct that a plan be developed to restore needed nursing home bed capacity.**

### **Community Based Youth Psychiatric Residential Treatment Facility Funding**

The budget includes funding to establish a youth psychiatric treatment facility in Maine. This level of care currently does not exist in Maine, resulting in youth in need of this level of care languishing in hospital emergency departments or experiencing extended psychiatric hospital stays as all the youth wait to be sent out of state for this level of care. **We are in full support of this funding initiative.** For calendar year 2025, Northern Light Health hospitals had 150 youths in our emergency departments for longer than 48 hours. The average length of stay in one of our emergency departments was 5.6 days with the longest length of stay at 29 days. Our data also documents that the challenges continue to impact large and small hospital emergency departments, Northern Light Health hospitals with the highest volume of youth in the ED includes Northern Light Eastern Maine Medical Center (82), Mayo Hospital in Dover Foxcroft (27) and AR Gould Hospital in Presque Isle (18). **We also ask that the supplemental budget be amended to include days awaiting placement funding for youth in hospitals waiting to access community-based care.** Northern Light Health requested that MaineCare implement a day's awaiting placement payment for long stay youth in recent rulemaking, the recommendation was rejected.

While the challenges we experience are significant and we are in a time of increasing uncertainty and risk, I can confidently say that our commitment to caring for the people of Maine is unwavering. We look forward to working with all of you over the next few months to advance proposals that support health care for the communities we serve.

Thank you for the opportunity to comment on this bill.

# 2025 Quality Achievements

LEAPFROG  
HOSPITAL  
SAFETY GRADE

Star Rating	What It Means
★★★★	Excellent
★★★	Above Average
★★	Average
★	Below Average
None	Poor



 Northern Light Health.

- Continued Leapfrog Safety Grade “A” for Northern Light EMMC and Mercy Hospital.
- Northern Light EMMC has earned **CMS 4-star rating**, performing better than national scores in multiple areas including readmissions, cardiac care, and safety of care.
- Northern Light EMMC and Northern Light Mercy Hospital continue to be recognized by the American College of Surgeons for partnership in the **National Surgical Quality Improvement Program**.
- **Safe Sleep Gold Recognition** for all Northern Light birthing units.
- All Primary Care Practices have maintained **Patient-Centered Medical Home Recognition by National Committee for Quality Assurance (NCQA)**.
- **The Joint Commission Gold Seal of Approval:**
  - Northern Light Mercy Hospital continues to be recognized for Spine Surgery Program and advanced certification for Total Hip and Total Knee Joint Replacement Program.
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**Hudson, Hannah**

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**From:** Office of MaineCare Services <meoms@subscriptions.maine.gov>  
**Sent:** Thursday, February 12, 2026 3:02 PM  
**To:** Harvey-McPherson, Lisa  
**Subject:** Hospital Days Awaiting Placement (DAP) Budget Reached for State Fiscal Year (SFY) 2025

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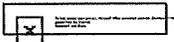
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## Office of MaineCare Services

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The Department will continue to reimburse qualifying DAP claims for SFY 2026 (DOS from July 1, 2025, to June 30, 2026) until the SFY 2026 annual cap is reached.

For questions regarding this update, please contact [Tiffany Norton](#), Provider Relations Specialist.



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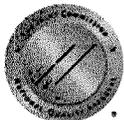
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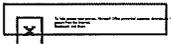
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