



Meg Garratt-Reed, Executive Director  
Office of Affordable Health Care

February 18<sup>th</sup>, 2025

Senator Donna Bailey  
Representative Kristi Mathieson  
Members of the Joint Standing Committee on Health Coverage, Insurance, and Financial Services  
Cross Building, Room 220  
100 State House Station  
Augusta, ME 04333

Senator Bailey, Representative Mathieson, and members of the Joint Standing Committee on Health Coverage, Insurance, and Financial Services;

I am Meg Garratt-Reed, Executive Director of the Office of Affordable Health Care.

Thank you for the opportunity to testify in support of LD 2190.

Under current Maine law, certain health care facility expansions, new services, or other projects must first be reviewed and approved under the Certificate of Need (CON) process. This bill would add new considerations to that review, including impact on affordability and accessibility of health care services for all Maine residents. It would also bolster transparency and oversight of ownership structures that may influence financial practices and cost trends.

Health care costs continue to place significant strain on Maine families and employers. When facilities expand, change services, or change ownership, those transactions have the potential to meaningfully impact prices, utilization, and systemwide spending. By explicitly requiring the Department to consider whether a proposed project would negatively affect the affordability of health care services for Maine residents, this bill strengthens the CON framework to better align with an increasingly complex and expensive health care system.

A given transaction's effect on affordability is not an abstract concept. These impacts can affect whether individuals can seek timely care, whether employers can continue to offer coverage, and whether state budgets can sustain critical programs. Including impact on affordability in CON review ensures that the long-term cost implications of transactions are evaluated appropriately.

Other states provide clear examples of how impact on affordability can be incorporated into health care market oversight programs. The Massachusetts Health Policy Commission conducts Cost and Market Impact Reviews of significant health care transactions and examines whether a proposed merger,

acquisition, or affiliation is likely to increase prices, enhance market leverage, or otherwise raise costs for consumers. Massachusetts evaluates impact on affordability by analyzing projected price effects, changes in negotiating power, and the anticipated impact on overall spending and patient costs.

Likewise, in Oregon, the Oregon Health Authority reviews health care transactions to determine whether they are likely to increase consumer costs, reduce competition in ways that could drive up prices, or limit access to reasonably priced services. Impact on affordability is treated as a substantive review factor, assessed through evidence about pricing behavior, financial incentives, and the expected downstream impact on patients and purchasers.

In California, the Office of Health Care Affordability reviews significant health care transactions through its Cost and Market Impact Review process, examining whether a proposed merger, acquisition, or affiliation could drive up prices, increase costs for consumers or payers, or reduce competition in ways that would limit access to reasonably priced care. Similar to Massachusetts and Oregon, California's evaluation focuses on the transaction's likely effects on costs, pricing, and market dynamics that influence the affordability of care.

LD 2190 would allow Maine to follow the example of these other states by ensuring that CON review explicitly consider how proposed projects and ownership changes may affect the cost of care for Maine residents. For these reasons, the Maine Office of Affordable Health Care supports LD 2190. The Office would also note, however, that LD 2190 creates potential for overlap with LD 2201, particularly given the two bills could trigger different procedural reviews for the same transaction (one being a CON review with expanded criteria included in LD 2190 and the other being a cost and market impact review included in LD 2201). While the Office generally supports more intensive review of these transactions, we believe the more detailed structure outlined in LD 2201 would be the best model to use.

Thank you for your time, and I welcome any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Meg Garratt-Reed". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

Meg Garratt-Reed, Executive Director  
Office of Affordable Health Care