



HOUSE OF REPRESENTATIVES

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February 18, 2026

Testimony of Rep. Michelle Boyer in support of

LD 2197, An Act to Prohibit the Sale and Leaseback of a Health Care Entity's Main Campus to a Real Estate Investment Trust as Recommended by the Commission to Evaluate the Scope of Regulatory Review and Oversight over Health Care Transactions That Impact the Delivery of Health Care Services in the State

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

Senator Baily, Representative Mathieson and members of the Health Coverage, Insurance and Financial Services Committee, my name is Michelle Boyer and I represent District 123, part of Cape Elizabeth. It is an honor to come before you today to support **LD 2197, An Act to Prohibit the Sale and Leaseback of a Health Care Entity's Main Campus to a Real Estate Investment Trust as Recommended by the Commission to Evaluate the Scope of Regulatory Review and Oversight over Health Care Transactions That Impact the Delivery of Health Care Services in the State.**

I want to thank Rep. Mathieson for sponsoring this measure. The language of this bill is based on the recommendations developed in the *Commission to Evaluate the Scope of Regulatory Review and Oversight Over Health Care Transactions That Impact the Delivery of Health Care Services in the State*, which I had the honor of chairing alongside Sen. Tipping. The commission met five times over the course of 3 months, and its recommendations were developed with the information available during that time.

During the commission's work, we learned that the sale-and-leaseback of a health care entity's main campus is one of the ways a health care entity can be taken advantage of. A major focus of the commission's work was examining the effects of private equity on the health care industry. We learned during a presentation by Dr. Song that the sale-and-leaseback of a health care entity's main campus is a tactic used by private equity firms. This tactic contributed to the significant financial difficulties and closures of several hospitals in Massachusetts and has also led to problems in other states.

The sale-and-leaseback of a health care entity's main campus carries potential financial risk to a health care entity if it is not able to manage the debt payments required for such a transaction.

Thank you for your time, and I am happy to answer any questions.