



Maine Hospital Association

MAINE'S LEADING
VOICE FOR HEALTHCARE

Testimony In Opposition To

LD 2201 - An Act To Implement Certain Recommendations Related To The Regulatory Review And Approval Of Certain Health Care Transactions Involving Private Equity Companies, Hedge Funds Or Management Services Organizations From 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

February 18, 2026

Senator Bailey, Representative Mathieson and members of the Health Coverage, Insurance and Financial Services Committee, I am Jeffrey Austin and I am here on behalf of the Maine Hospital Association to testify in opposition to LD 2201.

This bill is very similar to LD 1972 which you reviewed and rejected last year.

During the fall, a majority of the Commission also voted against the broad application of this type of regulatory regime.

~~The only state that has a law such as this is Oregon. However,~~ Oregon does NOT require a Certificate of Need for changes of ownership or control. (Oregon's CON law is limited only to the creation of new hospital facilities.) As you know, Maine's CON law does apply to transactions that change ownership or control.

As such, we opposed bolting a redundant LD 1972-type review in Maine onto our existing CON program.

Our concern with this legislation is that it would apply in situations outside of private equity.

The definition of "Management Services Organization" at the top of page 2 (lines 1-4) is so broad that it would have included every transaction in Maine where a hospital joined a health system.

6. Management services organization. "Management services organization" means any organization or entity that contracts with a health care provider or provider organization to perform management or administrative services relating to, supporting or facilitating the provision of health care services.

I attended the Commission meetings and I remember the presentation where the potential harm of MSO's was discussed. The context of that conversation is when a private equity firm uses a legally related MSO as the means to extract equity out of a hospital or other facility that the private equity firm owns or controls.

The Commission heard no testimony criticizing health systems or other MSOs that are unrelated to private equity transactions.

We would suggest an amendment:

6. Management services organization. "Management services organization" means any organization or entity THAT IS OWNED OR CONTROLLED BY A PRIVATE EQUITY FIRM that contracts with a health care provider or provider organization to perform management or administrative services relating to, supporting or facilitating the provision of health care services WHERE THE PROVIDER IS ALSO OWNED OR CONTROLLED BY SAID PRIVATE EQUITY FIRM.

We believe the terms of this legislation should be restricted to transactions involving private equity owned facilities only.

Thank you for accepting this testimony from the Maine Hospital Association.