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Maine Hospital Association

MAINE'S LEADING
VOICE FOR HEALTHCARE

TESTIMONY OF THE MAINE HOSPITAL ASSOCIATION

In Support Of

LD 2208 - *An Act to Offset Federal Cuts to Health Insurance for Certain Maine Families and Seniors*

February 26, 2026

Senator Bailey, Representative Mathieson, and distinguished members of the Joint Standing Committee on Health Coverage, Insurance and Financial Services, I am Jeffrey Austin with the Maine Hospital Association testifying **in support of LD 2208.** The Maine Hospital Association (MHA) represents 32 community-governed hospitals including 29 non-profit general acute care hospitals, 2 private psychiatric hospitals, and 1 acute rehabilitation hospital.

My testimony today will mostly consist of the words of others:

1. **State of Maine Overview of Rural Healthcare**

The availability of appropriate hospital services is key to ensuring long-term improvements in the health and well-being of rural residents. However, many Maine hospitals are facing acute financial challenges that put them at risk of closure or significant service changes driven by short term financial pressures rather than population health needs.

Maine's rural hospitals, … face financial pressures. *In 2023, 19 of 23 (83%) rural hospitals fell below the S&P Global threshold for adequate days cash on hand, 43% had financially vulnerable operating margins, 57% had financially vulnerable total margins, and 74% did not meet the target for adequate average age of plant.* ***Eight of the 23 rural hospitals failed in all four benchmarks, underscoring widespread financial vulnerability.***

Operational responses include two hospitals converting from [larger] to [smaller] status to access higher Medicare and MaineCare reimbursements in recent years. In June 2025, Northern Light Inland Hospital, a Medicare-dependent hospital in fully rural Kennebec County, closed due to operating losses.

Financial pressures are compounded by shifts in payor composition. *From 2017 to 2023, inpatient days for commercially insured patients declined by 51% across Maine's rural hospitals, while Medicaid inpatient days increased by 20%. Commercially insured outpatient visits fell 22% across Maine's rural hospitals during this time, while Medicaid visits rose 46%.*

- State of Maine, RHTP Application

2. Maine Operating Margins as Reported by MHDO

MAINE HOSPITALS 2024 OPERATING MARGINS - MHDO			
Hospital Name	**FY 2022**	**FY 2023**	**FY 2024**
Larger Hospitals (PPS)			
Central Maine Medical Center	-5.57%	-4.02%	-5.84%
Maine Medical Center (*Consolidated)	-2.00%	0.15%	1.67%
MaineGeneral Medical Center Augusta (* Consolidated)	0.80%	-2.82%	-1.99%
NLH Eastern Maine Medical Center	-8.01%	1.80%	-8.41%
Mid Coast Hospital	-9.14%	-2.26%	0.50%
NLH AR Gould Hospital	-7.11%	3.65%	-5.69%
NLH Mercy Hospital	-5.10%	2.79%	3.28%
Pen Bay Medical Center	-1.78%	-3.61%	-3.72%
Southern Maine Health Care	-4.53%	-3.28%	3.04%
St. Joseph Hospital	-5.39%	0.87%	1.62%
St. Mary's Regional Medical Center	-22.59%	-13.88%	-2.25%
York Hospital	-1.47%	-5.92%	-9.39%
Cary Medical Center	0.63%	0.53%	-0.92%
NLH Maine Coast Hospital	3.27%	4.17%	-1.54%
Franklin Memorial Hospital (*Now CAH)	-3.02%	-0.54%	-5.21%
Northern Maine Medical Center (*Now CAH)	-3.55%	-5.43%	-1.69%
NLH Inland Hospital (*Now Closed)	-10.91%	-3.17%	-16.42%
Smaller Hospitals (CAH)			
Bridgton Hospital	15.91%	18.71%	7.48%
Calais Regional Hospital	3.52%	0.84%	1.97%
Down East Community Hospital	0.05%	-2.03%	5.06%
Houlton Regional Hospital	5.78%	-4.68%	0.20%
LincolnHealth	8.83%	4.19%	5.56%
Millinocket Regional Hospital	1.59%	-3.64%	-8.11%
Mount Desert Island Hospital	10.48%	-4.34%	-0.26%
NLH Blue Hill Hospital	15.90%	4.03%	5.51%
NLH C.A. Dean Hospital	3.32%	1.66%	-5.98%
NLH Mayo Hospital	8.00%	11.86%	11.03%
NLH Sebasticook Valley Hospital	17.65%	11.53%	8.34%
Penobscot Valley Hospital	-0.28%	-7.77%	-2.47%
Redington-Fairview General Hospital	1.81%	0.07%	2.23%
Rumford Hospital	9.90%	12.48%	10.52%
Stephens Memorial Hospital	13.52%	12.55%	10.04%
Waldo County General Hospital	5.59%	10.35%	7.65%
All Hospitals Average:	**-1.1%**	**-1.1%**	**-0.2%**

Source: MHDO Hospital Data

Unconsolidated: https://mhdo.maine.gov/_pdf/Report_A_FY24_Select_Financial_Hosp_251211.pdf

Consolidated: https://mhdo.maine.gov/_pdf/Report_C_FY24_All_Financial_HealthSys_251231.pdf

3. **Maine DHHS Overview of the Impact of OBBBA on Maine**

The interaction between these [OBBBA] policies risks ***increasing uninsured rates among this population, resulting in higher levels of uncompensated care costs to Maine providers****, and driving up insurance costs for everyone with private health coverage in Maine.*

The implementation of work requirements for the expansion population will result in a ***substantial reduction in federal funding for Maine's health care system, affecting not only members but also our providers, who will face increasing uncompensated care burdens****.*

Currently, expenditures for expansion members benefit key healthcare provider sectors – $329 million to hospitals, $70 million to physicians and federally qualified health centers, $50 million to behavioral health providers, and $218 million to pharmacies.

- State of Maine, DHHS Overview

Conclusion

Maine's hospitals appreciate Speaker Fecteau's leadership on this issue and want to thank all of the co-sponsors on this legislation.

We certainly understand that finding resources of the kind called for in this legislation will be very difficult.

For all the affordability challenges in healthcare, the Maine Hospital Association supports LD 2208, and I would be happy to answer any questions that you may have.

State of Maine - Rural Health Transformation Fund Application

https://www.maine.gov/dhhs/ruralhealth

(excerpted pages)

Similar disparities exist in access to behavioral health providers. Fully rural counties have 217 residents per mental health provider, 35% higher than the ratio in partially rural counties (160). In Lincoln and Somerset Counties, the ratio exceeds 1:400 (437 and 424, respectively). These provider shortages are reflected in ED utilization: among commercially insured individuals under 65 with a mental health condition, mental-health related ED visits are highest in fully rural counties, reaching 40 per 1,000 insured in Somerset and 33 per 1,000 in Franklin Counties, compared with 22 statewide.

In addition to provider shortages, rural Maine residents face challenges in accessing care both in person and virtually. Nearly 40,000 Maine households lack a vehicle, including nearly one in 10 older households, and our most rural counties have some of the highest share of residents without transportation. Public transportation is very limited as a practical option for Mainers, with only 0.2% of working-age adults using it in Maine's fully rural counties. Internet access is also more limited across rural Maine, with one in eight households in Maine's fully rural counties going without an internet subscription, compared to one in 10 nationally. The share of households without an internet connection is highest in Maine's most remote counties, including Aroostook (20%), Piscataquis (16%), and Washington (17%). These counties also have notably lower rates of telehealth usage among commercially insured residents with a mental health condition, likely reflecting limited internet access.

Rural Facility Financial Health: Maine's rural healthcare system includes hospitals, federally qualified health centers (FQHCs), Rural Health Clinics, community mental health centers, Certified Community Behavioral Health Clinics (CCBHCs), and Opioid Treatment Programs (OTPs). Maine's rural hospitals, which include 18 CAHs and five larger hospitals with Sole Community Hospital, Medicare-Dependent Hospital, and Rural Community Hospital

Demonstration designations, face financial pressures. In 2023, 19 of 23 (83%) rural hospitals fell below the S&P Global threshold for adequate days cash on hand, 43% had financially vulnerable operating margins, 57% had financially vulnerable total margins, and 74% did not meet the target for adequate average age of plant. Eight of the 23 rural hospitals failed in all four benchmarks, underscoring widespread financial vulnerability. Operational responses include two hospitals converting from GACH to CAH status to access higher Medicare and MaineCare reimbursements in recent years. In June 2025, Northern Light Inland Hospital, a Medicare-dependent hospital in fully rural Kennebec County, closed due to operating losses.

Financial pressures are compounded by shifts in payor composition. From 2017 to 2023, inpatient days for commercially insured patients declined by 51% across Maine's rural hospitals, while Medicaid inpatient days increased by 20%. Commercially insured outpatient visits fell 22% across Maine's rural hospitals during this time, while Medicaid visits rose 46%. Medicaid payments accounted for 16% of net patient revenues across Maine CAHs in recent years, compared with 13% for CAHs nationwide.

Maine's FQHCs play a critical role in mitigating access gaps, serving over 200,000 patients in 2024, 72% with incomes below 200% of the federal poverty level. Medicaid and Medicare patients comprised 29% and 27% of FQHC patients in 2024, respectively, and over 8% of patients were uninsured. In the most rural areas, FQHCs serve even higher proportions of Medicaid and uninsured patients, providing preventive care, dental care, cancer screenings, behavioral health, and chronic condition management. Maine's FQHCs offer dental care in 13 of 16 counties and are the only dental providers accepting MaineCare in two of these counties.

2. RHTP: GOALS AND STRATEGIES

Maine's RHTP strategy envisions a future rural health system that:

Initiative 5- Sustainable rural health ecosystems: Addressing financial instability of rural providers

This initiative supports the long-term financial strength and resilience of Maine's rural health ecosystem, which is challenged by shrinking patient volumes, rising supply and labor costs, gaps in the service continuum, and a shifting payer mix. Activities include stabilizing rural hospital finances, expanding the service continuum, and developing regional structures to support improved APMs through capital investments and technical assistance.

INITATIVE 5 – SUSTAINABLE RURAL HEALTH ECOSYSTEMS: Summary of Activities	
Main Strategic Goal	*Main:* Sustainable Access *Secondary:* Innovative Care
Use of Funds	D, I, J, K
Technical Score Factors	B.1., C.2., E.1., E.2.
Key Stakeholders	Maine DHHS, Maine Office of Affordable Health Care, Maine Hospital Association, hospitals, Sweetser,
Estimated Funding	$197,383,494 over five years
Outcomes	To assess the impact of this initiative, Maine will track and report MaineCare value-based payment adoption; rural hospital financial health; in-state access to PRTF care; regional health system collaboration; and rural transportation access as detailed in Section 6. Metrics and Evaluation Plan.

Activity 5.1: Support Hospital Efficiency and Financial Management

The availability of appropriate hospital services is key to ensuring long-term improvements in the health and well-being of rural residents. However, many Maine hospitals are facing acute financial challenges that put them at risk of closure or significant service changes driven by short-term financial pressures rather than population health needs. Considering these circumstances, the state is proposing to provide tailored support to assist these hospitals in managing their costs more efficiently and serve as key collaborators in creating a sustainable healthcare ecosystem.

Under this initiative, the State will identify a cohort of financially vulnerable hospitals that serve rural Mainers and provide them with tailored assistance to improve their financial solvency through increased efficiency, including:

Maine's Health Data Organization – Hospital Data

https://mhdo.maine.gov/hospital_financials.htm

(excerpted pages)

Operating Margin

Hospital Name	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Peer Group A					
Central Maine Medical Center	(2.63%)	(4.53%)	(5.57%)	(4.02%)	(5.84%)
Maine Medical Center	7.56%	9.22%	4.36%	7.48%	9.53%
MaineGeneral Medical Center Augusta	(1.48%)	(1.14%)	0.85%	(2.71%)	(1.71%)
NLH Eastern Maine Medical Center	(4.00%)	5.16%	(8.01%)	1.80%	(8.41%)
Peer Group B					
Mid Coast Hospital	(8.64%)	2.12%	(9.14%)	(2.26%)	0.50%
NLH AR Gould Hospital	(0.39%)	(2.22%)	(7.11%)	3.65%	(5.69%)
NLH Mercy Hospital	(5.31%)	3.42%	(5.10%)	2.79%	3.28%
Pen Bay Medical Center	3.55%	2.02%	(1.78%)	(3.61%)	(3.72%)
Southern Maine Health Care	(7.07%)	7.49%	(4.53%)	(3.28%)	3.04%
St. Joseph Hospital	(0.33%)	(0.25%)	(5.39%)	0.87%	1.62%
St. Mary's Regional Medical Center	(6.06%)	(3.63%)	(22.59%)	(13.88%)	(2.25%)
York Hospital	(8.33%)	3.09%	(1.47%)	(5.92%)	(9.39%)
Peer Group C					
Cary Medical Center	1.31%	4.51%	0.63%	0.53%	(0.92%)
Franklin Memorial Hospital	(13.76%)	0.38%	(3.02%)	(0.54%)	(5.21%)
NLH Inland Hospital	(3.97%)	2.73%	(10.91%)	(3.17%)	(16.42%)
NLH Maine Coast Hospital	(6.66%)	(1.03%)	3.27%	4.17%	(1.54%)
Northern Maine Medical Center	2.50%	4.29%	(3.55%)	(5.43%)	(1.69%)
Peer Group D					
Bridgton Hospital	4.04%	9.64%	15.91%	18.71%	7.48%
Calais Regional Hospital	13.48%	5.61%	3.52%	0.84%	1.97%
Down East Community Hospital	5.27%	16.84%	0.05%	(2.03%)	5.06%
Houlton Regional Hospital	0.14%	7.72%	5.78%	(4.68%)	0.20%
LincolnHealth	(1.76%)	5.76%	8.83%	4.19%	5.56%
Millinocket Regional Hospital	(1.16%)	10.47%	1.59%	(3.64%)	(8.11%)
Mount Desert Island Hospital	2.40%	10.28%	10.48%	(4.34%)	(0.26%)
NLH Blue Hill Hospital	7.06%	13.24%	15.90%	4.03%	5.51%
NLH C.A. Dean Hospital	6.31%	18.60%	3.32%	1.66%	(5.98%)
NLH Mayo Hospital	(8.13%)	7.82%	8.00%	11.86%	11.03%
NLH Sebasticook Valley Hospital	6.77%	17.68%	17.65%	11.53%	8.34%
Penobscot Valley Hospital	8.04%	8.12%	(0.28%)	(7.77%)	(2.47%)
Redington-Fairview General Hospital	2.26%	3.48%	1.81%	0.07%	2.23%
Rumford Hospital	6.33%	6.32%	9.90%	12.48%	10.52%
Stephens Memorial Hospital	6.45%	13.20%	13.52%	12.55%	10.04%
Waldo County General Hospital	4.03%	11.54%	5.59%	10.35%	7.65%
Peer Group E					
Maine Behavioral Health	(2.08%)	(5.84%)	(16.24%)	(16.08%)	(15.70%)
NLH Acadia Hospital	10.50%	10.71%	6.11%	2.66%	13.27%
Peer Group F					
New England Rehabilitation Hospital	25.59%	24.95%	22.11%	25.23%	26.48%
All Maine Hospitals Median	***0.73%***	***5.69%***	***1.22%***	***0.69%***	***0.35%***

† - data not applicable

Maine Medical Center and Subsidiaries *(continued)*

Consolidated Data Reported	Unit	FY 2021	FY 2022	FY 2023	FY 2024
RATIOS					
Profitability					
Total Margin		3.40%	(1.66%)	1.27%	2.54%
Operating Margin		3.48%	(2.00%)	0.15%	1.67%
Non Operating Revenue		(2.40%)	(20.29%)	88.14%	34.90%
Return on Equity		16.31%	(7.29%)	5.04%	8.57%
Liquidity					
Current Ratio without Board Designated & Undesignated Investments	rate	2.652	1.972	1.688	1.895
Days in Accounts Receivable	days	44.9	40.8	52.6	53.0
Days Cash on Hand, Current	days	52.5	32.1	13.5	13.2
Days Cash on Hand, Incl Board Designated & Undesignated Investments	days	52.5	32.1	13.5	13.2
Average Pay Period, Current Liabilities	days	44.6	46.7	51.0	48.4
Capital Structure					
Equity Financing Ratio		29.09%	35.03%	39.66%	45.95%
Fixed Asset Financing		72.51%	57.09%	51.49%	46.80%
Cash Flow Divided by Total Debt		16.02%	6.38%	13.59%	15.37%
Debt Service Coverage	rate	0.000	4.546	10.090	9.534
Asset Efficiency					
Total Asset Turnover	rate	1.393	1.541	1.580	1.550
Fixed Asset Turnover	rate	2.563	2.560	2.464	2.464
Average Age of Plant Depreciation Only	years	10.4	11.3	12.4	16.7

† - data not applicable

MaineGeneral Health *(continued)*

Consolidated Data Reported	Unit	FY 2021	FY 2022	FY 2023	FY 2024
RATIOS					
Profitability					
Total Margin		0.27%	(0.68%)	(2.21%)	(1.51%)
Operating Margin		(1.70%)	0.80%	(2.82%)	(1.99%)
Non Operating Revenue		711.17%	219.89%	(26.95%)	(30.67%)
Return on Equity		0.75%	(2.08%)	(7.12%)	(5.33%)
Liquidity					
Current Ratio without Board Designated & Undesignated Investments	rate	1.304	1.755	1.803	1.641
Days in Accounts Receivable	days	58.6	57.0	53.8	55.6
Days Cash on Hand, Current	days	17.8	17.3	11.6	14.7
Days Cash on Hand, Incl Board Designated & Undesignated Investments	days	101.0	62.1	45.4	46.9
Average Pay Period, Current Liabilities	days	67.4	52.5	47.4	52.9
Capital Structure					
Equity Financing Ratio		34.09%	33.54%	34.28%	32.89%
Fixed Asset Financing		76.75%	76.53%	74.68%	74.40%
Cash Flow Divided by Total Debt		5.58%	4.39%	2.22%	3.24%
Debt Service Coverage	rate	0.000	1.499	0.949	1.044
Asset Efficiency					
Total Asset Turnover	rate	0.935	1.028	1.103	1.159
Fixed Asset Turnover	rate	1.668	1.910	1.935	2.088
Average Age of Plant Depreciation Only	years	13.1	13.2	13.7	13.9

† - data not applicable

Maine DHHS – Estimate of Impact of OBBBA on Medicaid

https://www.maine.gov/dhhs/blog/federal-budget-reconciliation-law-now-effect-impacts-mainecare-snap-covermegov-2025-07-11

members will be a challenge given the barriers this population often faces with stable housing and other stressors associated with low wage work and low-income status. In addition, the system changes and outreach necessary to minimize the disenrollment of individuals who do meet work or exclusion requirements will come at a significant cost to the state. Total administrative, staffing, and technology costs are estimated to exceed $8 million in fiscal year 2027 for the Department, and about $5.5 million on an annual basis thereafter.

Because the Act also prohibits members who do not meet the Medicaid work requirements or exceptions from qualifying for Marketplace subsidies, which significantly lower monthly premium costs for coverage purchased through Maine's state-based health insurance Marketplace ("CoverME.gov"), access to other affordable coverage options will be limited for these individuals. The interaction between these policies risks increasing uninsured rates among this population, resulting in higher levels of uncompensated care costs to Maine providers, and driving up insurance costs for everyone with private health coverage in Maine.

The implementation of work requirements for the expansion population will result in a substantial reduction in federal funding for Maine's health care system, affecting not only members but also our providers, who will face increasing uncompensated care burdens.

Currently, expenditures for expansion members benefit key healthcare provider sectors – $329 million to hospitals, $70 million to physicians and federally qualified health centers, $50 million to behavioral health providers, and $218 million to pharmacies.

2. Other Changes to Eligibility Processes

Additional provisions in the bill are also expected to have both short- and long-term impacts on expansion group and other group enrollment in Maine. Beginning **January 1, 2027**, states will be required to conduct eligibility redeterminations for expansion population adults every 6 months, a change from the current annual cadence. More frequent eligibility redeterminations are expected to both increase churn in the MaineCare program and to have a compounding effect with work requirements on the number of disenrollments in 2027 and beyond. In addition, because individuals subject to work requirements may be prevented from enrolling in MaineCare unless they are already employed or qualify for an exclusion, overall expansion population enrollment in Maine may further decline after 2027, especially among individuals facing health or economic challenges that limit their ability to work.

An additional provision in the Act will also further limit coverage and increase uncompensated care costs for Maine providers. For individuals who apply for Medicaid coverage on or after **January 1, 2027**, states will be required to limit retroactive coverage from three months to one month for the adult expansion population, and from three months to two months for all other Medicaid and CHIP members. As a result, the provision of care to uninsured individuals who would otherwise be eligible for Medicaid and CHIP coverage outside of these narrower retroactive coverage windows will no longer be reimbursed through MaineCare.

3. Coverage of Certain Immigrant Groups

As of **October 1, 2026**, the Act amends the definition of "qualified aliens" – those non-citizens historically eligible to receive federal Medicaid match – to exclude refugees, humanitarian parolees, asylum grantees, certain abused spouses, trafficking victims, and