

HEALTHCARE  
PURCHASER  
ALLIANCE  
OF MAINE

## Testimony of Trevor Putnoky

to the Joint Standing Committee on Health and Human Services

In Support of

**LD 2196, An Act to Lower Health Insurance Costs, Reduce Barriers to Health Care and Ensure Fair Prices for Health Care**

**March 5, 2026**

Good afternoon, Senator Ingwersen, Representative Meyer, and Members of the Joint Standing Committee on Health and Human Services.

My name is Trevor Putnoky, and I'm here today to testify in support of LD 2196. I'm the President and CEO of the Healthcare Purchaser Alliance of Maine. The HPA is a nonprofit organization representing the purchasers of health care in Maine. Our mission is to advance and support access to high-quality, affordable care. We have over 60 members, including some of the largest public and private employers and health trusts in Maine. Collectively, our members spend over a billion dollars annually providing health care for nearly one quarter of the commercially insured population in the state.

As the Committee is well aware, the affordability of healthcare in Maine is at a crisis point. The average premium for a family plan has risen to over \$25,000 annually,<sup>1</sup> and family deductibles in Maine are the fourth highest in the country, averaging \$4,825 in 2024.<sup>2</sup> Healthcare now accounts of ~10 percent of household income, and nearly 40 percent of Mainers skip or delay going to the doctor when they are sick due to cost.<sup>3,4</sup>

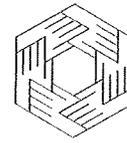
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<sup>1</sup> "Average Annual Family Premium per Enrolled Employee For Employer-Based Health Insurance." KFF, 2024, <https://www.kff.org/private-insurance/state-indicator/family-coverage/>.

<sup>2</sup> "Average Annual Deductible per Enrolled Employee in Employer-Based Health Insurance for Single and Family Coverage." KFF, 2024, <https://www.kff.org/private-insurance/state-indicator/average-annual-deductible-per-enrolled-employee-in-employer-based-health-insurance-for-single-and-family-coverage/>.

<sup>3</sup> "2025 Annual Public Hearing." *State of Maine Office of Affordable Health Care*, 29 Sept. 2025, [https://www.maine.gov/oahc/sites/maine.gov.oahc/files/2025-09/OAHC%202025%20Public%20Hearing%20-%2029-29-25\\_NO\\_ANIMATION.pdf](https://www.maine.gov/oahc/sites/maine.gov.oahc/files/2025-09/OAHC%202025%20Public%20Hearing%20-%2029-29-25_NO_ANIMATION.pdf).

<sup>4</sup> Consumers for Affordable Health Care. "Examining Voters' Views Towards Health Care in Maine," *Consumers for Affordable Health Care*, March 2024, <https://mainecahc.org/advocacy/expanding-access-affordability.html>.



Employers in our state have done their best to protect employees and their families from the rising cost of care by covering a majority share of premium increases,<sup>5</sup> but many employers are unable to continue absorbing double digit trend. This year, premiums increased by an average of 17.5 percent in the small group market, and this was on top of a 9.4 percent average increase last year, and a 14.6 percent average increase the year before.<sup>6</sup> That's a 47 percent increase in just three years. For many of the HPA's member businesses, healthcare is the second largest line-item expense behind salaries, and its growth is putting downward pressure on wages, hiring, and their ability to invest in resources needed to be competitive in today's increasingly global market.

The Healthcare Purchaser Alliance is currently undertaking a survey of Maine employers to better understand how healthcare costs are impacting their businesses and what they are doing to adapt. We are still taking in responses, but an initial review of 81 respondents found that 90 percent are "very concerned" about the rising cost of providing insurance to their employees, with 8 percent "somewhat concerned," and 2 percent "slightly concerned." No respondents were unconcerned or unsure.<sup>7</sup>

The survey also asked employers how important it is to them that the Maine Legislature does something to address hospital prices. Seventy-two percent selected "very important;" 25 percent selected "important;" 4 percent selected "somewhat important;" and no respondents selected "not important."<sup>8</sup>

The cost of health care has become an albatross around the neck of our economy, and an unsustainable burden on the backs of Maine people and employers. It is an issue that the Legislature desperately needs to address.

There are myriad reasons why healthcare costs have gotten so out of control, and the role of for-profit insurance companies, PBMs, pharmaceutical manufacturers and others deserve scrutiny, but we are talking about hospital prices because they are the single largest driver of premium increases.<sup>9</sup> Across our members, hospital spend accounts for ~50 percent of total costs, and the growth in hospital spend has gone unchecked for decades. In Maine, per capita hospital expenditures have increased at more than 3.5x the

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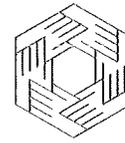
<sup>5</sup> "Average Annual Single Premium per Enrolled Employee For Employer-Based Health Insurance." *KFF*, 2024 2013, <https://www.kff.org/private-insurance/state-indicator/single-coverage/?activeTab=graph&currentTimeframe=0&startTimeframe=11&selectedDistributions=employee-contribution--employer-contribution--total-annual-premium&selectedRows=%7B%22states%22:%7B%22maine%22:%7B%7D%7D%7D&sortModel=%7B%22colld%22:%22Location%22,%22sort%22:%22asc%22%7D>.

<sup>6</sup> "2025 Annual Public Hearing." *State of Maine Office of Affordable Health Care*, 29 Sept. 2025, [https://www.maine.gov/oahc/sites/maine.gov.oahc/files/2025-09/OAHC%202025%20Public%20Hearing%20-%209-29-25\\_NO\\_ANIMATION.pdf](https://www.maine.gov/oahc/sites/maine.gov.oahc/files/2025-09/OAHC%202025%20Public%20Hearing%20-%209-29-25_NO_ANIMATION.pdf).

<sup>7</sup> HPA Survey of Maine Employers on Healthcare Affordability, *Market Decisions*, Preliminary Results as of 27 Feb. 2026.

<sup>8</sup> *IBID*

<sup>9</sup> Kanimian, Salpy, and Vivian Ho. "Why Does the Cost of Employer-Sponsored Coverage Keep Rising?" *Health Affairs Scholar*, vol. 2, no. 6, June 2024, p. qxae078. *PubMed Central*, <https://pmc.ncbi.nlm.nih.gov/articles/PMC11195578/>.



rate of inflation and more than 6.5x the rate of Maine household income since 2001.<sup>10,11,12</sup> And researchers have found that these increases are being driven primarily by price, not utilization.<sup>13, 14</sup> While utilization may indeed have played a role in 2026, that has not been the case in the preceding 20 years.<sup>15</sup> In 2003, Princeton researcher and health economist, Uwe Reinhardt, published the seminal paper, *It's the Prices, Stupid*, and his finding that prices play the largest role in cost increases has been affirmed time and again – including in the 2019 follow up paper published in *Health Affairs, It's Still the Prices, Stupid*.<sup>16, 17</sup>

On average, Maine hospitals charge commercial plans more than 250 percent what Medicare pays for the exact same service, and in some instances, what employers and consumers pay exceeds 400 percent of Medicare.<sup>18</sup> Hospitals argue that high commercial prices are needed to offset lower payments from Medicare and Medicaid (MaineCare), but academic research consistently finds that hospital prices have little or no connection to their share of public pay patients.<sup>19</sup> Instead, it's a hospital's market power that drives price increases, and here in Maine, we live in a highly consolidated market. The market is so consolidated that health plans are unable to sell insurance products that exclude either of our two dominant systems because they would not meet network adequacy requirements. This effectively neuters their ability to negotiate fair prices. But even if one accepts the cost shift argument, just last April, the American Hospital Association itself said that Medicare reimbursement covers 83 cents for every dollar

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<sup>10</sup> *National Health Expenditure Data*. CMS.gov. (n.d.). <https://www.cms.gov/data-research/statistics-trends-and-reports/national-health-expenditure-data>

"Health Care Expenditures per Capita by Service by State of Residence." *KFF*, 2020-1991, <https://www.kff.org/state-health-policy-data/state-indicator/health-spending-per-capita-by-service/?activeTab=graph&currentTimeframe=0&startTimeframe=29&selectedDistributions=hospital-care&selectedRows=%7B%22states%22:%7B%22maine%22:%7B%7D%7D%7D&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D>

<sup>11</sup> "Inflation, Consumer Prices for the United States." *Federal Reserve Bank of St. Louis*, 16 Apr. 2025, <https://fred.stlouisfed.org/series/FPCPITOTLZGUSA>.

<sup>12</sup> "Real Median Household Income in Maine." *Federal Reserve Bank of St. Louis*, 9 Sept. 2025, <https://fred.stlouisfed.org/series/MEHOINUSMEA672N>.

<sup>13</sup> "Health Care Cost and Utilization Report (HCCUR)." *Health Care Cost Institute*, 2022, <https://healthcostinstitute.org/hccur/>.

<sup>14</sup> Kanimian, Salpy, and Vivian Ho. "Why Does the Cost of Employer-Sponsored Coverage Keep Rising?" *Health Affairs Scholar*, vol. 2, no. 6, June 2024, p. qxae078. *PubMed Central*, <https://pmc.ncbi.nlm.nih.gov/articles/PMC11195578/>.

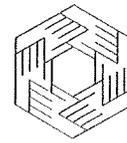
<sup>15</sup> "2025 Annual Public Hearing." *State of Maine Office of Affordable Health Care*, 29 Sept. 2025, [https://www.maine.gov/oahc/sites/maine.gov.oahc/files/2025-09/OAHC%202025%20Public%20Hearing%20-%202025-09-29-25\\_NO\\_ANIMATION.pdf](https://www.maine.gov/oahc/sites/maine.gov.oahc/files/2025-09/OAHC%202025%20Public%20Hearing%20-%202025-09-29-25_NO_ANIMATION.pdf).

<sup>16</sup> Anderson, Gerard F., et al. "It's The Prices, Stupid: Why The United States Is So Different From Other Countries." *Health Affairs*, vol. 22, no. 3, May 2003, pp. 89–105. <https://doi.org/10.1377/hlthaff.22.3.89>.

<sup>17</sup> Anderson, Gerard F., et al. "It's Still The Prices, Stupid: Why The US Spends So Much On Health Care, And A Tribute To Uwe Reinhardt." *Health Affairs*, vol. 38, no. 1, Jan. 2019, pp. 87–95. <https://doi.org/10.1377/hlthaff.2018.05144>.

<sup>18</sup> Whaley, C. M., Kerber, R., Wang, D., Kofner, A., & Biscoombe, B. (n.d.). *Prices Paid to Hospitals by Private Health Plans*. [https://www.rand.org/content/dam/rand/pubs/research\\_reports/RRA1100/RRA1144-2-v2/RAND\\_RRA1144-2-v2.pdf](https://www.rand.org/content/dam/rand/pubs/research_reports/RRA1100/RRA1144-2-v2/RAND_RRA1144-2-v2.pdf)

<sup>19</sup> IBID



spent by hospitals in 2023.<sup>20</sup> If that's the case, hospitals should be able to break even at 120 percent of Medicare.

Without a fiscal impact analysis, it's difficult to say where the Legislature should set a cap on prices. It may be 200 percent; it may be 300 or 400 percent. I do believe, however, that there should be some limit on excessive hospital pricing. It is hard to imagine a scenario where charging 5-6x what Medicare would reimburse for the same service is justified, but that is exactly what is happening today in Maine. These wildly inflated overcharges contribute to unsustainable premium increases and unaffordable out-of-pocket expenses for employers and consumers in Maine.

It is a fair question to ask why, if hospital prices are so high, many still struggle to be profitable? A compelling answer to this question has to do with the near monopoly status that our large health systems enjoy. Economic research has found that monopolies are rife with inefficiencies.<sup>21</sup> While health systems have argued that their consolidation will improve efficiency, the opposite is true. The principal outcome of consolidation is higher prices.<sup>22</sup>

We understand that with changes to federal funding and other headwinds, many hospitals are in difficult financial positions, but the answer to hospital troubles cannot be pouring more money into an inefficient system. Instead, the Legislature should create the conditions that push hospitals to improve efficiency, and the State can play a key role in helping hospitals improve. Maine recently received significant Rural Health Transformation Program funds, with \$100M earmarked to aid efficiency efforts over the next five years. These dollars can be leveraged to provide hospitals with the resources, expertise, and tools they need to make meaningful efficiency gains.

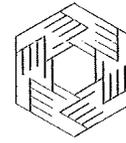
It's important to note that this policy does not just constrain hospital prices and growth. It also seeks to increase funding for primary care and behavioral health, which hospitals argue lose money each year. The additional funding for primary care and behavioral health represent a critical step toward realigning spending toward service lines that are both chronically underfunded and offer our best chance at keeping Mainers healthy and avoiding the negative health outcomes that lead to higher hospital utilization. There have been efforts in the past to increase funding for these services, but they have failed due to the lack of cost offsets. The pie is only so big, and those who pay for care in Maine can't afford to absorb increases on

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<sup>20</sup> "Cost of Caring: Challenges Facing America's Hospitals in 2025." *American Hospital Association*, Apr. 2025, <https://www.aha.org/costsofcaring#:~:text=Medicare%20and%20Medicaid%20Reimbursements%20Are,annually%20between%202019%20and%202023>.

<sup>21</sup> Schmitz, James. "The Costs of Monopoly: A New View." *Federal Reserve Bank of Minneapolis*, 12 July 2016, <https://www.minneapolisfed.org/article/2016/the-costs-of-monopoly-a-new-view>.

<sup>22</sup> Cooper, Zack, et al. "The Price Ain't Right? Hospital Prices And Health Spending On The Privately Insured." *The Quarterly Journal of Economics*, vol. 134, no. 1, Feb. 2019, pp. 51–107. *PubMed*, <https://doi.org/10.1093/qje/qjy020>



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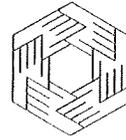
both sides of the house. Our hope is that this increase in funding mutes the financial impacts to hospitals and directs dollars toward the services our state should be prioritizing.

LD 2196 also offers important safeguards, exempting critical access and financially distressed hospitals from the price caps. And recognizing that it may take time for hospitals to bring their prices in line with the cap, the bill allows for a phased in implementation approach. And that is OK. The key is ensuring that we have a mechanism in place that puts hospitals on the path to affordability and that they are making progress. Without guardrails around how much hospitals can charge, they will continue to increase prices to cover shortfalls, and health care will become increasingly out of reach for too many people in our state.

Absent this policy, I would urge legislators to ask themselves: What else can be done to address the urgent affordability crisis facing Maine consumers and businesses? Will there be disruption? Yes, that is likely. But is it more disruptive to force hospitals to make difficult financial decisions—with protections for truly distressed entities—or to continue down our current path, where 4 in 10 Mainers are skipping or delaying care due to cost, and prices continue to rise with no end in sight? Hospitals argue that LD 2196 will reduce access to care, but care is already inaccessible for far too many Mainers who can no longer afford health insurance or the astronomical prices that their local hospital charges for the care they need. The threat that healthcare costs pose to our community and economy have become existential, and I do not see any other solutions on the table. Given this extremely difficult choice, my belief is that action must be taken. It should be careful, considerate action, but it should be action nonetheless.

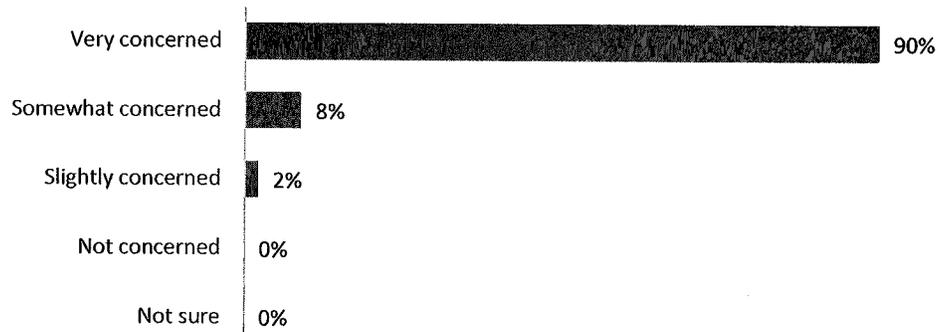
Our state's hospitals deserve tremendous respect for the vital care they provide to our communities, but the current trajectory of unchecked price growth is not sustainable for the people and businesses of Maine. LD 2196 isn't just about cutting costs; it's about choosing a more stable and affordable future for Maine's healthcare system. All of us have had to tighten our belts to accommodate rising prices, and it's time we align hospital prices with the reality of what Maine families can afford.

Thank you for the opportunity to provide HPA's feedback on LD 2196, and thank you to Rep. Gattine for bringing forward this critical piece of legislation. I'd be happy to answer any questions and will be available for the work session.

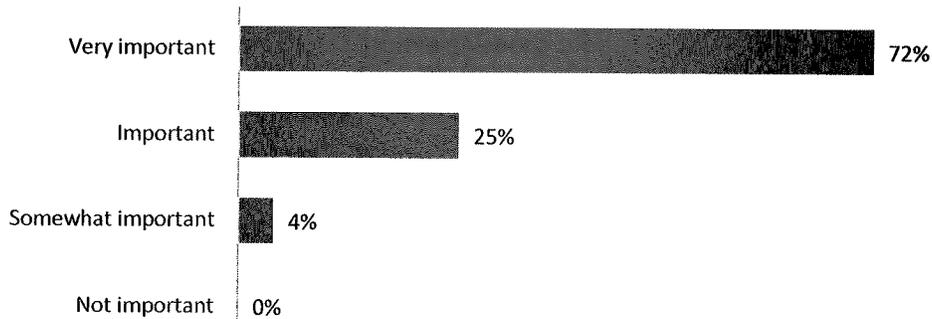


**Healthcare Purchaser Alliance  
Survey of Maine Employers on Healthcare Affordability  
Preliminary Results\***

How concerned are you about the rising costs of providing health insurance for your employees?



How important is it to you that the Maine Legislature does something to address hospital prices?



\* Based on 81 responses.