

Testimony of Hon. Ned Claxton, MD

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

March 5, 2026

Senator Ingwerson, Representative Meyer, and esteemed members of the Committee on Health and Human Services, my name is Ned Claxton. I am testifying as a private citizen with access to local information about the impact of this bill. I practiced family medicine for 40 years, was a CMMC Trustee for 9 years, and have attended CMH Finance Committee meetings for the past 2 years in my capacity as chair of the MCHP board. I also served on this hardworking committee for 4 years, including 2 as chair and truly value your service. I appreciate the intent of this bill as Mainers struggle with day-to-day expenses and the state works to attract clinicians.

*Part C-3 would be a good step toward establishing a base compensation for some clinicians but would affect few providers in most health systems*

*Part B would simplify the prior authorization process for those with chronic disease and would be helpful to patients and their clinicians.*

**Part A** needs more work. Its focus is not comprehensive enough in dealing with those factors that impact the cost of health care. It focuses on only 2 variables. (1) Hospital prices that apply only to the commercial insurance market and (2) the change in those prices in the future. I do not believe that the State can safely use just 2 variables to decrease the overall cost of care or the individual's health costs. This bill would cut hospitals revenue by over \$1 billion in the near future. The mechanism proposed in this bill is a **bet** that any savings be passed to the consumer by the insurance company and will

decrease out of pocket costs. It is also a bet that this can be done without impacting access to care. Betting is not a good approach to trying to manage the complexity of health care costs and it is not a bet we should be making.

*The inpatient prospective payment system hospital market basket (IPPS) is a national rate with a local wage adjustment. In Maine, that means a downward revision. For the same service, a hospital in Maine is paid \$10,500, while hospitals in NH and VT get \$600 more. An in MA, that number goes up by \$2850. The net effect is to make it harder for ME to match wages paid 80 miles from Auburn. (2) The 200% of the Medicare rate "in the same geographic area" needs definition. Is that in the state, New England?*

**Part A** does make allowance for "financially distressed" hospitals but includes no specifics about how that is to be determined. Any reasonable definition would include many of Maine's hospitals and is important enough to be determined by the legislature. CMMC estimates it would lose \$40 million. Last year was its first year of stability in many years..

Many potential issues are not addressed in the bill:

- (1) The increase in uninsured patients since the ACA supports were cut and the expected increase in uncollectible debt.
- (2) The ongoing challenge of inadequate numbers of nursing home beds and the prolonged hospital stays that causes.
- (3) Any Federal government changes to Medicare reimbursement or cut backs on Medicaid enrollment.
- (4) Possible MaineCare cutbacks if the state budget is tight.
- (5) Increases in insurer carrier margins.

(6) The impact of future supply chain disruption or fluctuating tariffs on expensive medical supplies and equipment.

(7) Regional and local increases in electric rates or in global oil or gas rates.

Passage of this bill, as it is, would mean hospitals will have to cut back on services on which they already lose money: ICU's, trauma centers, and behavioral health, for example.

If the major hospitals suffer from this legislation, their ability to support critical access hospitals will decrease and accelerate the closure of more hospitals such as Inland and the shrinkage of more hospitals as has happened at St. Mary's. The net effect will be to increase not decrease barriers to care. As an example, there would be fewer dollars available to recruit the primary care clinicians that patients so need.

The intent of this bill is admirable. I just believe that more stakeholders need to be involved in working toward creative ways to address its concerns and to come up with more robust proposals.

Thank you for the opportunity to offer my thoughts. I would be happy to try and answer any questions.