June 6, 2023

Attorney General Frey
Office of the Attorney General
6 State House Station
Augusta, Maine 04333-0006

Dear Attorney General Frey,

This session, the Health and Human Services Committee considered LD 1321, An Act to Address Income Disparity in Health Care by Limiting the Compensation of Hospital Executives. The Committee voted “ought not to pass” on the bill. However, the committee is concerned about the degree of disparity that appears to exist between employees whose jobs involve direct patient care, such as nurses, and those in upper management at hospitals, including nonprofit hospitals and hospital systems.

The committee respectfully requests the opinion of your office regarding the legality of capping executive pay at hospitals. Would such a cap be enforceable, either independently or as a condition of licensure? What other options for addressing compensation disparities within hospitals might exist? In our research into this matter, we were unable to find another state that had implemented executive pay caps, though the City of Los Angeles attempted to do so, resulting in ongoing litigation. However, other states have raised concerns over the increase in executive pay at hospitals, and are also seeking ways to address this issue.

We very much appreciate any thoughts you may have on this matter. It would be helpful to have a response to this request by January 30, 2024, so that the committee has sufficient time to consider legislation relation to this topic. We appreciate your time and expertise.

Sincerely,

Sen. Joseph M. Baldacci
Senate Chair

Rep. Michele Meyer
House Chair

c:

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