Testimony of Katie Fullam Harris
MaineHealth
In Strong Opposition to LD 1795
“An Act to Protect Patients by Prohibiting Certain Medical Facility Fees”
May 11, 2023

Senator Bailey, Representative Perry and esteemed members of the Health Coverage, Insurance and Financial Services Committee, I am Katie Fullam Harris, and I am here to testify in strong opposition to LD 1795, “An Act to Protect Patients by Prohibiting Certain Medical Facility Fees.”

This bill is a misguided attempt to address the cost of health insurance to private payers. It is being promoted across the country, so in no way is it a reflection on Maine’s environment. This bill does represent another attempt to address the cost of health care solely by paying providers less for the services they deliver. It does nothing to address the underlying cost of healthcare, nor to ensure that we maintain a system that meets the needs of all patients, not just those fortunate enough to have private insurance.

As this is a standard bill that has been submitted in at least six states, it fails to account for the law already on Maine’s books that requires providers to bill private insurers only for professional fees associated with an office visit.

In addition to failing to reflect current Maine law, this bill is broadly drafted in a manner that could be interpreted in many ways. On one hand, it clearly includes specific services for which there is no professional fee code to bill them. These include wound care and lactation consulting, for example. The impact to MaineHealth of a narrow interpretation would be up to $7.7 million annually.

However, if one interprets the bill to cover all outpatient E and M codes and services provide ambulatory settings, the impact to MaineHealth would be over $50 million annually. And that is before the department identifies a separate list of services to be excluded from provider-based billing. To put this number into perspective, that would more than double the losses our system sustained in FY 22.

Finally, as drafted, this bill appears to include Medicare and Medicaid. Should that be the intent of the sponsor, their inclusion would have devastating consequences for communities that rely upon hospital services to support their health.

Hospitals and health systems provide care 24 hours a day, seven days a week to all patients in need, regardless of insurance status. Hospital-based providers support primary care, maternity care, oncology, chronic disease management, behavioral health and a host of services for patients whose payment source, including commercial payers, do not cover cost. MaineCare leaves a 17% gap
between the cost of delivering care to its enrollees and payments for that care. Labor alone comprises 65% of our cost structure. The foundation of our mission and role in caring for all patients is necessarily very expensive, and cutting reimbursement without addressing underlying costs of delivering care will require reductions in services, and particularly to rural communities.

Maine continues to see attempts, such as this bill, to reduce costs to one set of stakeholders while failing to account for the impact to the entire system. You cannot reduce true cost without addressing the underlying cost structure. As I have said to this committee before, health care is an ecosystem, and changes to its financing structure must be made within the context of their consequences to the broader whole. Even if interpreted narrowly, this bill would have serious financial consequences to MaineHealth and our ability to continue to invest in access to high quality care for all Mainers.

Please vote “ought not to pass” on LD 1795.