



Testimony of Katie Fullam Harris
MaineHealth
Public Hearing of the Office for Affordable Health Care
September 29, 2025

Good Afternoon Co-Chairs Ende and Putnoky and fellow members of the Advisory Council, I am Katie Fullam Harris of MaineHealth, and I appreciate the opportunity to provide comments today.

I think we can all agree that the rising cost of health care is creating a tremendous burden on patients, on employers and plan sponsors, on government, and, yes, on providers and hospital systems. Premiums are rising, out of pocket expenses are increasing, and bad debt is escalating. And this situation precedes the \$5 billion in reductions in federal funds that will result from the most recent budget reconciliation law, as well as the very real possibility that the enhanced premium tax credits that support our Marketplace produces will be allowed to expire.

At the same time that health insurance premiums and out of pocket expenses are increasing, Maine’s hospitals are experiencing financial pressure that borders on crisis. The data below shows how Maine’s Prospective Payment and Critical Access Hospitals compare to national averages on a series of common financial measures. It is not a pretty picture. And this picture is further backed up by [data published by the Center for Healthcare Quality and Payment](#) which indicates that 12 Maine hospitals have lost services, 11 are at risk of closing, and 5 are at immediate risk of closing.

And We Are Starting from a Challenging Position

Ranking of 2023 Median Financial Metrics to U.S. States
 PPS (50 states) and CAH (45 states)
 Lower Score Better

Metric	Maine	
	PPS	CAH
1 Total Margin	39	29
2 Operating Margin	46	17
3 Return on Equity	21	28
4 Current Ratio	26	33
5 Net Days in Patient A/R	42	5
6 Equity Financing Ratio	49	24
7 Cash Flow to Total Liabilities	22	31
8 Average Age of Plant	46	40
9 Occupancy Rate	21	9

- Maine PPS hospitals are the **5th poorest** and the **2nd most heavily in debt** in the country.
- And our facilities are the **5th oldest** in the country.
- A high occupancy rate suggests that hospital resources are being effectively used and minimizing waste.



Maine is facing a complex challenge that the Office of Healthcare Affordability is seeking to solve. How do we address rising health care costs in an environment in which our delivery system is precariously unstable? It would be prudent to do so very carefully to avoid unintended consequences.

One suggestion is to adopt the Triple Aim as a principle in reviewing possible solutions. The Triple Aim framework provides equal weight to quality, access and cost. It fails to get much discussion anymore, yet, it is a concept that is critically important to identify the impact of solutions on all aspects of health care, and thus avoid situations in which we lower cost at the expense of high quality or access to needed care.

A second suggestion is to look at the drivers of rising health care costs in Maine from a variety of perspectives before seeking solutions. Demographics, geographic challenges, and the state's economic climate, including workforce, all play roles in health care costs. The inputs that businesses face further contribute to the problem: popular public policies such as paid family leave and insurance mandates add to cost, as do the state's electricity costs and labor shortages. It would be helpful to include analyses of these inputs into the cost of healthcare before identifying solutions.

Finally, it would be very helpful to look at which segments of Maine's healthcare costs are rising fastest. Health insurance pays for a number of healthcare elements, including pharmaceuticals, labs, office visits, outpatient and inpatient procedures, inpatient stays, etc. Where are Maine's costs escalating the most, and why? For example, MaineHealth, the State's largest health care provider, is seeking just 4.5% rate increases this year, yet plan sponsor costs and premiums are escalating by double digits. A recent JAMA article noted that the median price for new drugs launched in 2022 was \$228,000. In 2011, the median new drug price was \$31,000. It is critical to understand the dynamics behind rising costs before identifying solutions.

And how do the increasing administrative burdens created by insurers add to escalating costs? MaineHealth has over 1200 care team members devoted to billing and payment, the vast majority of whom are responsible for addressing commercial carrier and MA plans' prior authorization requirements and other administrative barriers. In fact, MA plans pay just 92 cents on the Medicare dollar for their enrollees, a result of denials and overly burdensome payment policies.

There is a deliberate and heavily subsidized campaign being waged at the national and state levels that identifies hospitals as the cause of escalating health care costs. The solution that some have identified is to artificially cap hospital prices or cost growth in general. Doing so absent understanding the drivers of cost in Maine and the implications that such policies will have on quality and access, as well as cost, could result in damage to an already precarious health care delivery system.

One size does not fit all in health policy. Markets look very different between states and regions of the country. We should not rely upon identified "solutions" that do not reflect our experience. We are one big small town, and we have an opportunity to do things differently. Our hospitals are nonprofit. Our provider communities are committed to improving the health of their patients. We have a strong source of cost data in our Maine Health Data Organization, and we have a history of working better together. Let's use this opportunity to join together to address the growing health cost burden in a thoughtful, comprehensive, and data-driven manner. Let's identify the solutions that work for Maine. The outcome will be better for Maine people.

Thank you for the opportunity to share our perspective, and we hope to work collaboratively with the Office of Affordable Health Care to address this important issue.