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Maine: A Foundation of Financial Assistance, but More Required to Reduce Hospital Prices and Medical Debt

Maine is a small, largely rural state. The state’s policies to moderate hospital prices and reduce medical debt are not exceptional, according to Community Catalyst’s compendium, though they compare favorably to the policies of many other states.ⁱ A law requiring hospitals to provide free care to Maine residents with incomes below a certain level is more prescriptive than other states’ policies. Maine’s laws also restrict some billing and collection practices that could drive medical debt and address, to some extent, price transparency and facility fees. Recent efforts to strengthen some of these policies have had mixed success.ⁱⁱ

This spotlight takes a closer look at Maine’s hospital financial assistance law, its effectiveness in curbing hospital prices and reducing medical debt, and what more might be done to achieve these goals. The qualitative information in the spotlight is based on interviews with knowledgeable health advocates in the state and a review of news accounts and other public sources. Additional research and analysis would be required to reach definitive conclusions.

Overview of hospitals’ prices and medical debt in Maine

Maine’s health care prices are higher than average. According to a RAND study, Maine’s hospital prices in 2022 were 29th highest among states – about 2.5 times what Medicare pays for hospital care.ⁱⁱⁱ The average price for an inpatient service in 2021 was \$32,462 in Maine, which is 20% higher than the average national price, according to the Health Care Cost Institute.^{iv} This average price represents a substantial burden, particularly for people with no insurance or inadequate health insurance; for context, it is about half of the 2021 median household income in Maine (\$64,767).^v High hospital prices also affect individuals and families through higher insurance premiums and out-of-pocket costs, which include the deductibles, copayments, and coinsurance that are a patient’s responsibility when they receive a medical service. The out-of-pocket expenses for a hospital inpatient stay averaged \$1,256 in Maine in 2021, exceeding the national average by 24%.^{vi}

These expenses add up and are a significant driver of medical debt in Maine. Fifteen percent of Mainers had medical debt in collection in 2022^{vii}; the median level of debt in collection in Maine was \$825.^{viii}

Key details of the policies

Maine’s financial assistance law seeks to relieve Mainers with lower incomes of the need to pay a hospital’s prices to receive care. The law requires hospitals to provide free care to any Maine resident with a family income at or below 150% of the federal poverty level.^{ix}

The requirement applies to all hospitals and to all residents who meet the income eligibility guideline, regardless of whether they have health insurance. A hospital may not bill a patient who has been determined eligible for free care.^x

Maine exceeds many other states' financial assistance policies by setting a statewide income standard for free care eligibility. Maine's law does not make provisions for patients with incomes above 150% of FPL who may still find it difficult to pay large hospital bills and are at risk of acquiring medical debt. Many hospitals have their own policies for offering discounts to patients with income above the statewide free care threshold, but these policies are not standardized and not enforceable by the state.^{xi} States with more expansive financial assistance policies require hospitals to offer discounts to patients further up the income scale. For example, Illinois requires discounts for patients up to 600% of FPL, and New York requires discounts up to 400%.

The Attorney General enforces compliance with the financial assistance law. The AG may prosecute violations and seek modest fines of up to \$10,000. In addition, patients who are denied free care may request an administrative hearing with the Department of Health and Human Services. Patients may also bring a court action to enforce the law's requirements.^{xii}

Effectiveness of the policies

Curbing hospital prices

Maine's free care law provides hospital price relief to those who qualify and access assistance. Hospitals that voluntarily offer discounts to patients with income above the free care threshold extend relief to a small additional segment of Maine residents. However, neither the mandatory policies nor the voluntary policies directly address the overall level of hospital prices in Maine. Some advocates believe that a decline in free care resulting from Maine's Medicaid expansion under the Affordable Care Act has produced a revenue gain for hospitals that has not been passed along to patients as lower prices.^{xiii}

Improving affordability

Hospital care drives medical debt in Maine. Half of the Mainers responding to a 2024 survey said it was difficult to afford health care. In the same survey, nearly four in ten respondents (39%) reported having had medical debt in the past five years, and three-quarters (73%) of those said they still had debt at the time of the survey. More than half (56%) of those with debt reported that the primary source of their medical debt was a hospital or hospital-owned facility.^{xiv}

Hospitals' financial assistance can prevent some debt, but many patients who would qualify for free or discounted care are not aware that assistance is available. A 2023 survey found that about half of Mainers with hospital-related medical debt did not know about free care,^{xv} despite the law's requirement that hospitals inform patients when they receive services or when they are sent a bill.^{xvi}

A more expansive, easily accessible hospital financial assistance law would likely reduce hospitals' contribution to medical debt, and therefore, the level of debt overall.

Enforcement

Enforcement of the financial assistance law appears to be somewhat lax. Patients rarely take advantage of the opportunity for an administrative hearing or court action when an application is denied. Informants report that the process is daunting, and it can be intimidating for individuals to challenge a large hospital. Further, there is not a good process in place for patients to make complaints to the state about a hospital improperly restricting access to assistance, such as requiring more information on the financial assistance application than the law prescribes.^{xvii}

What more could/should be done to address high hospital prices and medical debt?

The Maine Office of Affordable Health Care (OAHC) was created about one year ago. It has the potential to affect hospital prices as it develops and begins to carry out its agenda. OAHC's enabling statute requires it to "analyze barriers to affordable health care and coverage and develop for consideration by the legislative oversight committee proposals on potential methods to improve health care affordability."^{xviii} While hospital prices are not explicitly mentioned in the statute, they were a frequent theme of comments at a 2023 public hearing.^{xix} OAHC has a small staff and no regulatory authority, but its mandate should bring focus to hospital affordability and prices in particular.

Many hospitals add fees to patient bills that are unrelated to the services the patient received. These "facility fees" can add hundreds of dollars to a bill – a significant amount, given nearly two-thirds of respondents to a recent survey said they would have difficulty paying a \$500 medical bill.^{xx} Newly enacted legislation in Maine requires health care facilities to post signs in their buildings and on their websites that such fees are being charged.^{xxi} While this new transparency might have a modest effect on hospital prices and resulting medical debt, a stronger version had been proposed by a legislative task force in early 2024. The task force recommended that health systems be prohibited from charging any facility fees for outpatient medical facilities, telehealth providers, and other

medical services not conducted in a hospital or on a hospital campus.^{xxii} The prohibition was not included in the bill the legislature passed, but it remains a possible future approach to reducing hospital prices.

In the spring of 2024, the Maine legislature passed “An Act to Require Hospitals and Hospital-affiliated Providers to Provide Financial Assistance for Medical Care” (L.D. 1955),^{xxiii} but the governor did not sign the bill into law.^{xxiv} The bill would have resulted in more Maine residents being eligible for free care – those with incomes up to 200% of FPL, rather than the 150% in current law. This and the other provisions of the bill would not directly affect hospital prices in Maine, but they could have an impact on affordability and the accumulation of medical debt. For example, the bill would strengthen notification and application requirements, making it more likely that a patient who qualifies for assistance would actually receive it. Also, for patients above the free care threshold and up to 400% of FPL, the bill would require hospitals to offer a payment plan that does not exceed 3% of the patient’s monthly income. Finally, the bill would clarify enforcement by requiring the Department of Health and Human Services to establish a formal complaint process, including a timetable for review and specified corrective actions for hospital noncompliance. Taken together, if these provisions were to become law, they would likely reduce the prevalence and severity of medical debt in Maine.

Stakeholders in Maine feel that greater transparency in how prices are developed, both for hospital services and for drugs that hospitals acquire under the federal 340B program, would be a useful tool for moderating hospital prices. Hospitals assert that private insurers’ denials of claims create the need for hospitals to increase prices to compensate for lost revenue.^{xxv} An analysis of these denials – their frequency and their effect on hospital prices – could be warranted, perhaps by OAHC.

Conclusion

Maine has 33 general acute care hospitals, all of them non-profit and tax exempt,^{xxvi} a status that imposes a special obligation to the communities they serve. The hospitals acknowledge this, stating it is their philosophy and practice “that medically necessary healthcare services rendered by the hospital should be available to all individuals regardless of their ability to pay.”^{xxvii} The obligation includes ensuring that Mainers do not suffer financial hardship because of illness requiring hospital care. State laws and hospital policies are somewhat effective in making this obligation a reality. However, there is much room for improvement, as the persistence of medical debt driven by hospital prices demonstrates. Some recent events, such as the creation of an agency to monitor and analyze health care spending, are promising. It is likely that stronger efforts targeted directly at hospital prices are needed.

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- ⁱ <https://communitycatalyst.org/resource/50-states/>
- ⁱⁱ <https://www.mainelegislature.org/LawMakerWeb/summary.asp?ID=280089493;>
<https://cpmaine.org/2024/04/17/maine-legislature-splits-on-bills-designed-to-rein-in-burden-of-medical-debt-by-evan-popp/> .
- ⁱⁱⁱ The study computed the ratio of prices paid by private insurers with those paid by Medicare. Maine’s relative price was 252 percent of what Medicare pays; the national average ratio was 254 percent. Christopher M. Whaley et al., Prices Paid to Hospitals by Private Health Plans: Findings from Round 4 of an Employer-Led Transparency Initiative. RAND Corporation, 2022.
- ^{iv} Health Care Cost Institute, 2021 Health Care Cost and Utilization Report, April 2023. Data files: https://healthcostinstitute.org/images/pdfs/HCCUR2021_Downloadable_Data_Files.zip
- ^v U.S. Census Bureau, American Community Survey 1- Year Estimates, 2021.
- ^{vi} Health Care Cost Institute, 2021 Health Care Cost and Utilization Report, April 2023.
- ^{vii} Debt reported to a major credit bureau. Includes past-due credit lines that have been closed and charged-off on the creditor’s books as well as unpaid bills reported to the credit bureaus that the creditor is attempting to collect.
- ^{viii} Debt in America: An Interactive Map. The Urban Institute. <https://apps.urban.org/features/debt-interactive-map/>, accessed May 6, 2024.
- ^{ix} 150 percent of FPL is \$46,800 for a family of four in 2024.
- ^x 10-144 C.M.R. chapter 150.
- ^{xi} https://mainecahc.org/consumer-assistance/extra-help/freecare_and_slidingscale.html
- ^{xii} ME Rev. Stat. Tit. 22 § 1715(2).
- ^{xiii} Community Catalyst interviews with Maine informants.
- ^{xiv} Digital Research, Inc. Perceptions of Health Care Affordability and Hospital Facility Fees in Maine. Survey conducted on behalf of U.S. of Care and Maine Consumers for Affordable Health Care. February 2024.
- ^{xv} Digital Research, Inc. Views of Maine Voters on Health Care Affordability. Survey conducted on behalf of Maine Consumers for Affordable Health Care. May 2023.
- ^{xvi} 10- 144 C.M.R. ch. 150, § 1.04.
- ^{xvii} Community Catalyst interviews with Maine informants.
- ^{xviii} ME Rev. Stat. Tit. 5 § 3122(3).
- ^{xix} Advisory Council on Affordable Health Care, summarized comments from public hearing, presented at October 17, 2023 meeting.
<https://www.maine.gov/oahc/sites/maine.gov.oahc/files/meetings/2024-03/Comment%20Summary%20Table.pdf>
- ^{xx} Digital Research, Inc. Perceptions of Health Care Affordability and Hospital Facility Fees in Maine, February 2024.
- ^{xxi} Joe Lawler, “Maine lawmakers approve slimmed-down version of hospital facility fee bill.” Portland Press Herald. Published online April 19, 2024.
- ^{xxii} Joe Lawler, “Task force calls for reforms to regulate hidden hospital fees.” Portland Press Herald. Published online February 2, 2024.
- ^{xxiii} <https://legislature.maine.gov/bills/getPDF.asp?paper=HP1257&item=2&num=131>.

^{xxiv} The bill was one of 35 that were passed after the legislature’s statutory adjournment data. The governor cited constitutional and fiscal reasons for declining to sign them. (Letter from Governor Janet T. Mills to the 131st Legislature of the State of Maine, May 14, 2024.).

^{xxv} Community Catalyst interviews with Maine informants.

^{xxvi} Maine Hospital Association, Hospital Facts. <https://themha.org/OurMembers/Hospital-Facts>.

^{xxvii} Maine Hospital Association, Hospital Facts.