

LD 2196 - Price Cap Legislation

February 20, 2026



What LD 2196 Does



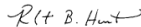
132nd MAINE LEGISLATURE

SECOND REGULAR SESSION-2026

Legislative Document No. 2196
H.P. 1475 House of Representatives, February 3, 2026

An Act to Lower Health Insurance Costs, Reduce Barriers to Health Care and Ensure Fair Prices for Health Care

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 203.
Reference to the Committee on Health Coverage, Insurance and Financial Services suggested and ordered printed.


ROBERT B. HUNT
Clerk

Presented by Representative GATTINE of Westbrook.
Cosponsored by Senator INGWERSEN of York and
Representatives: Speaker FECTEAU of Biddeford, MEYER of Eliot, MOONEN of Portland,
Senators: BAILEY of York, President DAUGHTRY of Cumberland.

Printed on recycled paper

- 1. Price Cap.** It caps reimbursement rates Maine’s 15 largest hospitals may receive from commercial insurance at no more than 200% of the Medicare rate. (Rates are currently around 280% of Medicare.) It includes an exemption for “distressed” hospitals (which is undefined and no criteria are provided).
- 2. Growth Cap.** It caps annual growth of commercial insurance prices – for all hospitals - at no more than the Medicare price growth rate (roughly 3% per year). We don’t know the rate at which our member’s prices grow each year (antitrust issue). Our estimate is 3-6%.
- 3. Primary Care Floor.** It requires carriers to reimburse primary care and behavioral health practices at no less than 110% of the Medicare rate. (Most providers are already above the floor.)

MHA Opinion: *Catastrophic Legislation*

This price cap cuts \$1 Billion from Maine's larger hospitals. (An average reduction of 28% to commercial reimbursement.)

The growth cap is a \$50 Million reduction in the first year; by the 4th year, the cut is \$250M per year and growing.

It does not raise Medicaid prices, extend coverage to any people or provide any offsetting increase to hospital revenues.

This will close hospitals. Those that don't close will need to take drastic action – layoffs, service closures etc. – to survive.

Access to healthcare will be significantly constrained more than today.

Price Caps

Rand Corporation Has Been Publishing Relative Price Data for Years. This is their data.

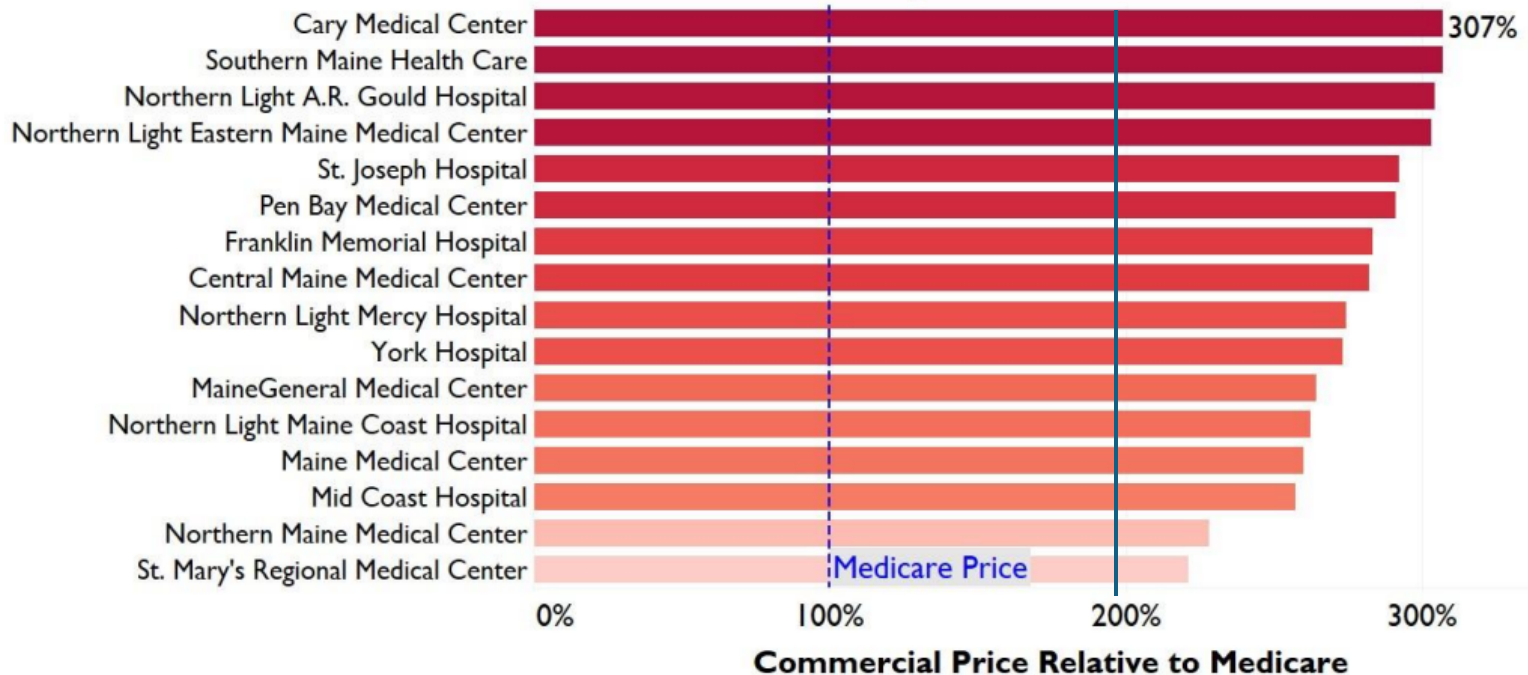
Hospital	Municipality	Current Prices Relative to Medicare	LD 2196 Cut
ST JOSEPH HOSPITAL	BANGOR	292%	31%
MERCY HOSPITAL	PORTLAND	274%	27%
MAINEHEALTH MAINE MEDICAL CENTER	PORTLAND	260%	23%
THE AROOSTOOK MEDICAL CENTER	PRESQUE ISLE	304%	34%
SOUTHERN MAINE HEALTH CARE	BIDDEFORD	307%	35%
YORK HOSPITAL	YORK	273%	27%
MID COAST HOSPITAL	BRUNSWICK	257%	22%
CENTRAL MAINE MEDICAL CENTER	LEWISTON	282%	29%
CARY MEDICAL CENTER	CARIBOU	307%	35%
EASTERN MAINE MEDICAL CENTER	BANGOR	303%	34%
ST. MARYS REGIONAL MEDICAL CENTER	LEWISTON	221%	9%
FRANKLIN MEMORIAL HOSPITAL	FARMINGTON	283%	29%
MAINEGENERAL MEDICAL CENTER	AUGUSTA	264%	24%
INLAND HOSPITAL	WATERVILLE	CLOSED	
MAINE COAST MEMORIAL HOSPITAL	ELLSWORTH	262%	24%
PENOBSCOT BAY MEDICAL CENTER	ROCKPORT	291%	31%
	Average:	279%	28%

Office of Affordable Health Care Estimate of Current Reimbursement Rates Relative to Medicare Prices



Most Maine hospitals charge commercial payors more than 2.5 times Medicare prices

Commercial Price Relative to Medicare for Inpatient and Outpatient Services at Maine General Acute Care Hospitals, 2020-2022



Source: RAND (2024). Prices Paid to Hospitals by Private Health Plans: Findings from Round 5.1 of an Employer-Led Transparency Initiative.

Office of Affordable Health Care: Impact of LD 2196 Cut

ROUGH Estimate of Savings from Price and Growth Cap Policies

	Year 1	Year 2	Year 3*	Year 4	Year 5	Total 10 Years
250% Medicare Benchmark						
Service Level Price Cap*	N/A	N/A	\$532M	\$574M	\$618M	\$5.6B
Price Growth Cap	\$56M	\$117M	\$183M	\$255M	\$333M	\$4.0B
250% TOTAL	\$56M	\$117M	\$715M	\$829M	\$951M	\$9.6B
225% Medicare Benchmark						
Service Level Price Cap*	N/A	N/A	\$763M	\$810M	\$860M	\$7.6B
Price Growth Cap	\$56M	\$117M	\$183M	\$255M	\$333M	\$4.0B
225% TOTAL	\$56M	\$117M	\$946M	\$1.1B	\$1.2B	\$11.6B
200% Medicare Benchmark						
Service Level Price Cap*	N/A	N/A	\$994M	\$1.05B	\$1.1B	\$9.6B
Price Growth Cap	\$56M	\$117M	\$183M	\$255M	\$333M	\$4.0B
200% TOTAL	\$56M	\$117M	\$1.2B	\$1.3B	\$1.4B	\$13.6B

* Phased in price caps begin year 3

Office of Affordable Health Care: Impact of LD 2196 Cut



ROUGH Estimate of Reinvestment

Primary care and behavioral health professional services for E&M codes at 110%

	Year 1	Year 2	Year 3*	Year 4	Year 5	Total 10 Years
250% Medicare Benchmark						
Reinvestment Costs	\$38M	\$38M	\$38M	\$38M	\$38M	\$339M
Policy Savings*	\$56M	\$117M	\$715M	\$829M	\$951M	\$9.6B
Premium Pass Through	\$18M	\$79M	\$677	\$791	\$913	\$9.2B
225% Medicare Benchmark						
Reinvestment Costs	\$38M	\$38M	\$38M	\$38M	\$38M	\$339M
Policy Savings*	\$56M	\$117M	\$946M	\$1.1B	\$1.2B	\$11.6B
Premium Pass Through	\$18M	\$79M	\$908M	\$1.0B	\$1.2B	\$11.3B
200% Medicare Benchmark						
Reinvestment Costs	\$38M	\$38M	\$38M	\$38M	\$38M	\$339M
Policy Savings*	\$56M	\$117M	\$1.2B	\$1.3B	\$1.4B	\$13.6B
Premium Pass Through	\$18M	\$79M	\$1.1B	\$1.3B	\$1.4B	\$13.3B

* Phased in price caps begin year 3

Source: Bailit Health (2025). Analysis of RAND 5.1 Hospital Transparency Data; Maine Health Data Organization. (2025). Hospital Financial Reporting; Health Care Cost Institute (2024). Health Care Prices tool at

MHA Analysis

Maine hospitals did their own analysis of what they thought their prices were relative to Medicare and what they estimate for impacts.

While individual hospitals differed with Rand's estimates (e.g., some higher, some lower) the aggregate impact was the same – a \$1 Billion cut.

Hospital Operating Margins would drop from 1% to **NEGATIVE 10%**.

Thank You