

Senate Health and Human Services Committee

Sophie Walsh 271-3469

SB 664-FN, limiting hospital executive compensation in communities designated as distressed place-based economies under certain circumstances.

Hearing Date: February 18, 2026

Time Opened: 9:44 a.m.

Time Closed: 11:07 a.m.

Members of the Committee Present: Senators Rochefort, Avard, Birdsell, Prentiss and Long

Members of the Committee Absent: None

Bill Analysis: This bill provides that any hospital located in an economically distressed community that conducts a workforce reduction affecting more than 10 employees in a single department within a specified period shall be subject to a temporary freeze on certain executive compensation. The bill provides for enforcement by the charitable trusts unit of the department of justice.

Sponsors:

Sen. Rochefort

Sen. Lang

Sen. Gannon

Sen. Ward

Sen. McConkey

Sen. Long

Sen. McGough

Rep. Korzen

Rep. Peternel

Who supports the bill: Sen. Rochefort, Sen. Ward, Rep. Lori Korzen, Daniel Richardson, Leigh Hutchinson, and Michelle St. John.

Who opposes the bill: Steve Ahnen (NH Hospital Association), Hon. Corinne Cascadden (North Country Healthcare), Roxie Severance (North Country Healthcare), Greg Placy (North Country Healthcare), Mark Kelley (North Country Healthcare), Donald Crane (North Country Healthcare), Tom DeRosa (NH Center for Nonprofits), Pamela Harders, Curtis Howland, Timothy Finney, Jesse Medeiros, Brian Palen, Thomas Humphreys, Brad Louth, and Jay Schechter.

Who is neutral on the bill: No one.

Summary of testimony presented:

Senator David Rochefort, Senate District 1

- Senator Rochefort posed the question of how hard it is to fight for Medicaid dollars. He further questioned where Medicaid dollars go, noting that a lot of

them go to hospitals to provide valuable care. More specifically, there is a number of dollars that go towards executive compensation.

- He outlined the CEO pay at critical access hospitals outside of Coos County, ranging from \$278,000 to \$516,000. Meanwhile, in Coos County CEO pay starts at \$700,000.
- Last year, Coos County was designated as a distressed place-based economy by the legislature. In one of these systems, a potential layoff of 70 people was announced for a department. Senator Rochefort acknowledged that outsourcing jobs can create efficiency and emphasized that he has never laid off an employee for a bonus as a business owner nor used public money to do so.
- This bill simply says that if things are so bad that laying off people is necessary, then those funds cannot be used to pay a bonus or increase salary.
- Senator Rochefort acknowledged that this may be a controversial topic and emphasized that the state is not inserting itself into private business because this involves public money.
- This bill inserts a level of accountability for the people receiving these funds by establishing a temporary hold on bonuses and salary increases.
- Senator Long asked if rulemaking would establish how long the hold on bonuses and salary increases lasts.
- Senator Rochefort referenced page 2 lines 12-13 and explained that the freeze shall begin on the date the workforce reduction is initiated and will last for 18 months.
- Senator Prentiss confirmed this only applies for distressed areas and only limits compensation for a period of 18 months.
- Senator Rochefort confirmed and emphasized that there are no claw backs. The message behind the bill is that if a facility is operating largely on public funds and needs to lay people off, those funds should not be used to enhance pay or give bonuses.
- Senator Prentiss confirmed that this does not change an initial compensation package, but rather freezes it for a period of time under certain conditions. Senator Rochefort confirmed.
- Senator Birdsell referenced page 2 lines 12-13 and asked if smaller amounts of employees could be laid off intermittently to avoid being affected by this.
- Senator Rochefort acknowledged that could happen and explained that he chose to keep the number of 10 employees for this reason.
- Senator Avard asked what would happen if 20 positions are eliminated due to AI and affected employees get moved to other positions.
- Senator Rochefort emphasized that AI is going to effect every industry, but he believes we are still a little ways off from AI having a dramatic effect. He

further emphasized that this is only a temporary freeze and it is not stopping executives from revolutionizing their departments.

- Senator Avard expressed concern about this setting a precedent in which the state gets involved in similar situations.
- Senator Rochefort agreed that this will set a precedent and noted that he has heard far more positive feedback than negative. He does not think this is as far-reaching as other efforts. He reconciles this with the fact that this is public, taxpayer money.
- He emphasized that this is not an entirely private industry, as it is dependent on public funding.

Representative Lori Korzen, Coos – District 7

- Representative Korzen stated that many of her constituents have been hurt by recent layoffs. This bill would bring some accountability back and prevent hospitals from laying off workers while giving bonuses to their executives.
- Representative Korzen asked the Committee to support this bill to bring fairness and accountability to hospital executive pay, particularly in Coos County.

Steve Ahnen, New Hampshire Hospital Association

- Mr. Ahnen stated that he is speaking in opposition to the bill. The Hospital Association considers it to be an imprecise way of targeting organizations' leaders for making difficult decisions designed to ensure sustainability.
- A recent report from the Hospital Association shows that increased demand for healthcare services, workforce shortages, barriers to discharge, insurance delays, and more are raising the cost of providing care while revenues fail to keep pace.
- It is more difficult to operate in a rural environment due to a variety of factors, including federal cuts to the Medicaid program and large quantities of uninsured patients.
- This bill would open the door for New Hampshire to take a greater role in regulating compensation for private entities.
- Mr. Ahnen presented a hypothetical situation where a hospital laid off ten employees in order to partner with a food service for cafeteria services.
- Mr. Ahnen noted that the Rural Health Transformation Program will create an opportunity for New Hampshire to stabilize the health care system and provide investments for innovative technologies.
- Mr. Ahnen expressed concern that the bill would take control away from hospital leadership and community board oversight, who are responsible for determining executive compensation levels. He described this process as thoughtful, deliberate, and transparent.

- Mr. Ahnen emphasized that this Committee has spent time deliberating Medicaid Enhancement Tax and Disproportionate Share Hospital payments (MET DSH), which is set to result in nearly a billion dollars in Medicaid spending to hospitals across the spectrum.
- Senator Long pointed out the example of the cafeteria service, and asked if in such case it would be acceptable for the hospital to take some of the profit made from that change and to grant it to the CEO.
- Mr. Ahnen answered that executive compensation is determined by the board of the hospital and local community members who make such decisions based on national data that indicate what it would take to recruit and retain those individuals.
- Mr. Ahnen indicated that past examples demonstrate the ability of hospitals to withstand crises and to make logical decisions to continue to operate.
- Senator Long asked if Mr. Ahnen was aware of occasions when the board had chosen to compensate an executive in order to retain their services.
- Mr. Ahnen stated that those decisions are made by the board in the interest of the organization.
- Senator Birdsell asked how executives would be penalized by a 18 month freeze on bonuses.
- Mr. Ahnen stated that these decisions are made based on long term interests. Executive compensation takes into account many factors.
- Senator Rochefort stated that executive salaries in distressed areas are exceeding \$700,000 a year.

Honorable Corinne Cascadden, North Country Healthcare

- Ms. Cascadden stated that she is speaking in opposition to the bill, as it goes against the beliefs of the free market and counters the platform to eliminate government overreach.
- In 2025, North Country Healthcare (NCH) hospitals served 60% of Coos County residents. While this area is facing staffing issues and recruitment challenges, this bill is not the solution.
- A recent study showed that 700 hospitals, 4 of which are in New Hampshire, are vulnerable to closure this year.
- Attracting talented executives to hospitals in New Hampshire could be made more difficult by the legislation.
- NCH has generated a positive operating income every year since its founding. This is the result of having talented leaders who make strategic business decisions.
- Ms. Cascadden stated that this bill would not promote stability, but instead put hospitals at risk by tying the hands of executives.

- Ms. Cascadden referenced section 4 of the bill and emphasized that compensation is a highly regulated process and salaries rise with the market and according to data.
- Ms. Cascadden stated that the Attorney General's office was already able to exert significant oversight over charitable processes.
- Ms. Cascadden referenced section 6 of the bill and noted issues with the wording and definitions. She explained this would include appropriate and necessary terminations of employees that violated certain agreements.
- Ms. Cascadden stated that it was wrong to place these constraints on the organization's leaders and to target three hospitals while allowing the other 19 non-profit hospitals and the 4 for-profit hospitals in the state to continue to operate without these limitations.
- The north country has no estimated population growth and its residents are significantly older than those in other areas of the state, leaving them more at risk if an NCH affiliate were to close. She said chronically ill patients in Pittsburgh or Stratford could die if they have to travel a greater distance to get care.
- Senator Avard asked if this bill would limit the board from making certain decisions, and Ms. Cascadden said it would in some respects.
- Senator Avard asked what had happened to the individuals at a recent public hearing for those that had been laid off in the industry.
- Ms. Cascadden said that this had been one in a series of conferences meant for small group discussions, and that social media had made inaccurate claims about the conference.
- Ms. Cascadden stated that the hospitals need people that can make good decisions and that fair compensation could aid in this. Compensation is a complicated process with many requirements and considerations.
- Senator Long asked if Ms. Cascadden was aware of substantial layoffs in her time on the board.
- Ms. Cascadden answered that some data indicated that it had been 72 positions, with 30 people retrained into the system, 1 dismissal, 1 firing, and 30 individuals that chose to leave before changes occurred.
- Senator Long asked if CEOs were compensated after this had occurred.
- Ms. Cascadden stated that they had not been compensated as a result of this.
- Senator Long asked if she was aware of how long it was after this that they received a bonus. Ms. Cascadden stated that she was not aware.
- Senator Rochefort asked if Ms. Cascadden was stating that the CEO at Cottage hospital, who makes a third of what the NCH CEO makes, was not making good decisions.

- Ms. Cascadden stated that she was not, and also that she was not saying that good decisions were related to salary.
- Senator Rochefort referenced Ms. Cascadden's statement about individuals in Stratford and Pittsburgh and asked if this would be as a result of a CEO having to wait 18 months for a salary increase or bonus.
- Ms. Cascadden stated that if an individual was not orchestrating all of the services necessary for the facility, it would have a ripple effect on care.
- Senator Rochefort stated that another individual could lead sufficiently at a third of the price, as indicated by the mentioned CEOs at other hospitals.
- Ms. Cascadden said that this question might be better suited for another individual testifying.

Roxie Severance, North Country Healthcare

- Ms. Severance stated that she is speaking in opposition to the bill.
- Because this area is distressed, the board must retain local authority to ensure the area can receive the highest levels of health care possible. The NCH board carefully reviews leadership, performance metrics, and executive compensation.
- Ms. Severance referenced the aforementioned CEO and noted that while they were only in charge of one hospital, NCH's CEO manages three hospitals and a home health agency. NCH's CEO is compensated at the 50th percentile among peers.
- This bill imposes the government in a process that should be led by the board and their evidence-based decisions. Ms. Severance said it feels arbitrary and disconnected from the realities of running a modern health care system.
- Attracting talent to Coos County already requires exceptional skill and intentional effort, especially in competition with larger systems.
- Ms. Severance referenced the Rural Health Transformation Program and emphasized this bill could place NCH at a disadvantage competing for grants.
- NCH is one of the few systems posting positive margins and is the largest employer in Coos County. If the system were to be weakened, there could be consequences affecting these individuals.
- This bill would restrict innovation and send the wrong message to new businesses.
- Senator Long asked if Ms. Severance could recall a time in the last three years when ten individuals had been laid off and a CEO's salary was increased within 18 months of that time.
- Ms. Severance stated that the potential was there at one time, when sixty individuals were scheduled to be laid off for revenue department outsourcing. Only one ultimately was.
- Senator Long asked if a CEO had received a bonus within eighteen months of that incident.

- Ms. Severance emphasized that those individuals had not been laid off, but this could have made things difficult going forward in recruiting future executives.
- Senator Avard asked for clarification on the layoffs.
- Ms. Severance stated that 30 people chose to leave before the layoffs came, 30 others took new positions within the facility, and 1 was let go.
- Senator Avard noted the issue of collecting revenues for claims and services on a large basis in the north country, and asked if Ms. Severance could elaborate on this.
- Ms. Severance confirmed that it does hurt NHC when they cannot collect claims, which is why they outsourced that department.

Greg Placy, North Country Healthcare

- Mr. Placy expressed opposition to the bill on the grounds that it would hurt the future of hospitals and make it more difficult for qualified personnel to work with these organizations.
- Mr. Placy explained that from 1974 to 2011 when he worked as a provider, there were some very sick individuals in northern New Hampshire and it was difficult to provide them care.
- Mr. Placy stated that this bill only targets their hospital system and restricts executive flexibility to make decisions. He said this creates the presumption that local boards and rural health care cannot be trusted to self-govern.
- Senator Long asked if there had been times Mr. Placy had observed a layoff being conducted in order to create the revenue needed to increase executive salaries. He noted that boards may hire private entities to assess CEO compensation.
- Mr. Placy stated that he was not aware of a time when a layoff was conducted for the need of finances.

Mark Kelley, North Country Healthcare

- Mr. Kelley stated that he is speaking in opposition to the bill, as it would undermine responsible governance.
- It is the responsibility of the NCH board of directors to ensure that executive compensation is done properly and driven by the NCH executive compensation philosophy, as adopted by the board.
- Mr. Kelley emphasized that CEOs do not negotiate their salaries, as it is handled by the board in a deliberate process.
- NCH executive salaries must align with the NCH mission and strategic goals, be comparable to other systems, and be competitive to retain qualified leaders. There are clear guardrails established to keep the process transparent.

- The maximum total compensation is structured to the 75th percentile among peers. The process is designed to meet IRS intermediate sanctions, standards, and nonprofit government best practices.
- Mr. Kelley explained that this bill assumes there is a governance failure that does not exist. It would replace fiduciary governance with legislative wage control targeted at only three hospitals.
- Mr. Kelley noted that the bill would interfere with crisis period retention.
- Senator Avard asked for clarification on how this targets only three hospitals.
- Mr. Kelley answered that it only targets Coos County and their system.
- Senator Prentiss asked about crisis leadership retention.
- Mr. Kelley answered that if a CEO sees that they can't lay off individuals to restructure a department, they may decide to leave. Recruiting a new executive could be further complicated by this legislation.
- Senator Prentiss noted that the bill does not specify that you may not lay off individuals, but that if you do, it places a freeze on bonuses. She asked if Mr. Kelley believes this could affect recruitment.
- Mr. Kelley answered that it could be impact the image of the entire recruitment package, as bonuses upon meeting guidelines is a key component.

Donald Crane, North Country Healthcare

- Mr. Crane stated that this bill is not simply about executive compensation, but rather whether local authorities will retain the necessary ability to make decisions that allow their systems to survive.
- Mr. Crane emphasized that stability requires strong executive leadership, not constraints by the legislature.
- If enacted, this bill would undermine recruitment and retention of critical leadership and reduce flexibility, all while introducing uncertainty into long-term planning. This could result in delayed care, longer ambulance transports, lost jobs, and an increased risk of service reduction.
- Mr. Crane explained that board members are volunteers, and they understand both their fiduciary responsibilities and the gravity of the decisions they make.
- Mr. Crane acknowledged that communication around recent decisions should have been better and that leaders have made efforts to engage more directly with the community in an effort to strengthen transparency.
- Rural hospitals already face many challenges, and adding further statutory constraints will only make them harder to manage.
- Mr. Crane hopes to work in partnership with the legislature to strengthen the sustainability of the NCH system, support workforce development, and protect access to care in the north country.