SB474 - Johns Hopkins.PPMCO - Support.pdf
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JOHNS HOPKINS
UNIVERSITY & MEDICINE
Government and Community Affairs

PRIORITY PARTNERS

SB474
Favorable

TO: The Honorable Melony Griffith, Chair
Senate Finance Committee

FROM: Annie Coble
Assistant Director, State Affairs

DATE: February 22, 2023

RE: SB474 MANAGED CARE ORGANIZATIONS – ACKNOWLEDGMENT OF RESPONSIBILITY FOR PAYMENT OF A RETROACTIVE DENIAL – REPEAL OF APPLICABILITY

Priority Partners offers its **support** to **Senate Bill 474 Managed Care Organizations – Acknowledgement of Responsibility for Payment of a Retroactive Denial – Repeal of Applicability.** Priority Partners MCO (PPMCO) is the largest Medicaid managed care organization (MCO) in the State with over 360,000 members in the HealthChoice program. PPMCO is jointly owned by Johns Hopkins Health Care LLC and Maryland Community Health System, which consists of seven Federal Qualified Health Centers. It has the distinction of being the only MCO with all staff and operations based in Maryland.

SB474 is crucially important to ensure smooth operations of PPMCO. This bill clarifies a technical change, that is already common practice amongst MCOs. The purpose of SB474 is to ensure that if a commercial carrier is the primary payer of a claim, an MCO is not responsible for guaranteeing payment of the claim by the responsible carrier. As the payer of last resort, Medicaid MCOs should not be held responsible for the payment of a claim that should be paid by a private payer.

Every MCO is currently, and would still be if this law were to pass, obligated to communicate to the provider at the time of the retroactive denial that another payer has been identified as providing coverage to the member. Submission of the claim must be made to that payer since, as according to federal law, Medicaid is the payer of last resort. Otherwise, the Medicaid Program will be paying claims with state dollars that should have been paid by a commercial payer. It is relatively common at PPMCO to have claims retroactively denied for coordination of benefits, when primary coverage is discovered.

If there is no change in the current law, the result will be additional state dollars spent on claims that should have been covered by private carriers resulting in a violation of state and federal rules that require Medicaid to be the payer of last resort. In addition, the State will inappropriately experience an increase in the amount of state Medicaid dollars spent on claims.

For the reasons, we urge a **favorable report on SB474**.

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MMCOA

MARYLAND MCO ASSOCIATION

Senate Bill 474 – Managed Care Organizations – Acknowledgment of Responsibility for Payment of a Retroactive Denial – Repeal of Applicability

FAVORABLE

Senate Finance Committee
February 22, 2023

Thank you for the opportunity to submit this testimony in support of Senate Bill 474- Managed Care Organizations – Acknowledgment of Responsibility for Payment of a Retroactive Denial – Repeal of Applicability.

The Maryland Managed Care Organization Association's (MMCOA) nine member Medicaid MCOs that serve over 1.5 million Marylanders through the Medicaid HealthChoice program are committed to identifying ways to improve quality and access to care for all Medicaid participants, as well as identifying efficiencies to improve the HealthChoice program and its cost-saving potential to the State.

The purpose of SB 474 is to ensure that if a carrier is the primary payer of a claim, an MCO is not responsible for guaranteeing payment of the claim by the responsible carrier. As the payer of last resort, Medicaid MCOs should not be held responsible for the payment of a claim that should be paid by a private payer.

Every MCO is obligated to communicate at the time of the retroactive denial that another payer has been identified as providing coverage to the member. Submission of the claim must be made to the identified payer since Medicaid is the payer of last resort. MCOs are not in a position to guarantee that another payer will be financially responsible for the claim. Otherwise, the Medicaid Program will be paying claims with state dollars that should have been paid by a commercial payer.

If there is no change in the current law, the result will be additional state dollars spent on claims that should have been covered by private carriers resulting in a violation of state and federal rules that intend for Medicaid to be the payer of last resort. In addition, the state will inappropriately experience an increase in the amount of state Medicaid dollars spent on claims.

For these reasons, we respectfully request a favorable report on Senate Bill 474.

Please contact Jennifer Briemann, Executive Director of MMCOA, with any questions regarding this testimony at jbriemann@marylandmco.org.

SB0474_UNF_MedChi, MDAAP, MACHC_MCOs - Acknowledge
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TO: The Honorable Melony Griffith, Chair
Members, Senate Finance Committee
The Honorable Katherine Klausmeier

FROM: Danna L. Kauffman
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Christine K. Krone
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DATE: February 22, 2023

RE: **OPPOSE** – Senate Bill 474 – *Managed Care Organizations – Acknowledgement of Responsibility for Payment of a Retroactive Denial – Repeal of Applicability*

On behalf of the Maryland State Medical Society, the Maryland Chapter of the American Academy of Pediatrics, and the Mid-Atlantic Association of Community Health Centers, we **oppose** Senate Bill 474.

Under Maryland law, a carrier, including a managed care organization (MCO), may retroactively deny reimbursement to a health care provider, meaning that the carrier can require the provider to pay back any payments already made for health care services rendered. If the retroactivity involves a coordination of benefits with another carrier, the Medicaid Program or the Medicare Program, the denial can occur up to eighteen months. Otherwise, the time period is 6-months. A carrier that retroactively denies reimbursement to a health care provider must provide the health care provider with a written statement specifying the basis for the retroactive denial. If the retroactive denial of reimbursement results from coordination of benefits, the written statement must provide the name and address of the entity acknowledging responsibility for payment of the denied claim.

For MCOs, Senate Bill 474 would remove the requirement that the MCO must provide the name and address of the entity acknowledging responsibility for payment of the denied claim. For commercial carriers this requirement remains. The above-referenced health care organizations oppose this bill. Trying to manage a practice when a carrier can retroactively deny a claim that has already been paid up to eighteen months after payment is already very difficult. To no longer require that the MCO provide information to the health care practice on the entity acknowledging responsibility for payment of the denied claim shifts the burden to the health care practice and will make it even more difficult if not impossible for the practice to receive any payment for the care that has already been rendered. Therefore, we request an unfavorable vote.