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UNIVERSITY & MEDICINE
Government and Community Affairs

PRIORITY PARTNERS

HB716
Favorable

TO: The Honorable Joseline Peña-Melnyk, Chair
House Health and Government Operations Committee

FROM: Annie Coble
Assistant Director, State Affairs

DATE: February 28, 2023

RE: HB716 MANAGED CARE ORGANIZATIONS – ACKNOWLEDGMENT OF RESPONSIBILITY FOR PAYMENT OF A RETROACTIVE DENIAL – REPEAL OF APPLICABILITY

Priority Partners offers its **support** to **House Bill 716 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.

HB716 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 HB716 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 HB716**.