HB 1337: FAV

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I am an oncology nurse and a longtime volunteer activist with Progressive Maryland's Health Justice Task Force. I write today in support of HB 1337, an important measure that would begin a process of securing relief for Marylanders harmed by groundless denials of their health insurance claims.

For several months, I and other volunteer activists with Progressive Maryland have knocked on doors in Baltimore City, Montgomery County, and Prince George's County to ask people about their experiences with private health insurance. Every time we go out, we hear stories from people who have insurance policies that look good on paper -- but who in practice need to spend weeks or months wrestling with their insurance carriers in order to obtain the care they need.

Data compiled by the Maryland Attorney General's Health Education and Advocacy Unit reveals that there has been a steady increase in the number of adverse decisions (that is, straightforward claim denials) issued by private insurance plans regulated by the Maryland Insurance Administration (MIA). Only a small proportion of these denials are appealed by patients -- but when patients do appeal, their appeals tend to succeed, which raises questions about the integrity of the insurers' initial decision to deny the claims.

In FY 2023, MIA-regulated health insurance plans issued 135,922 adverse decisions. In FY 2018, the number was 76,115 -- so we've seen a 79 percent increase in just five years.

Of those 135,922 adverse decisions issued in FY 2023, only 10,884 -- almost exactly 8 percent -- were appealed through the insurance carriers' internal grievance processes. Why such a small proportion? Is it because patients assume that they'll be tangled up in paperwork for months? Do they simply not know how to access the grievance process? Do they assume that they'll be unsuccessful in the end, so it's not even worth trying?

If it's the latter reason, patients may be mistaken. In fact, a large fraction of adverse decisions are reversed when patients stand up for their needs. Of the 10,884 adverse decisions that were appealed through carriers' internal grievance processes in FY 2023, 50 percent were fully overturned, and an additional 3 percent were modified.

When patients exhaust the carriers' internal grievance process and file a further grievance through the Maryland Insurance Administration, they are even more likely to be successful. In the 304 such grievances handled by the MIA in FY 2023, the insurance carriers

prevailed only 31 percent of the time. In all other cases, the claim denial was reversed by the MIA, or the insurance carrier voluntarily reversed its denial during the investigation process.

The rapid increase in the number of adverse decisions, combined with patients' remarkably high success rate when they appeal those adverse decisions, calls into question the judgment and integrity of Maryland's private insurance carriers. How correct were the 125,000 adverse decisions that were not appealed during FY 2023? If we assume that roughly half of those denials would have been overturned on appeal, then it appears that tens of thousands of Marylanders were denied care for no good reason.

I urge members of the HGO Committee to support HB 1337, which would take some important first steps toward addressing problems with health insurance claim denials in Maryland.

HB 1337 would require insurance carriers to make quarterly disclosures about the number of patients they cover and the number of "clean claims" they process. Disclosing those denominators would make it possible for the state and the public at large to make apples-to-apples comparisons between insurance carriers' claim denial rates.

HB 1337 would also direct the Maryland Insurance Administration and the Maryland Attorney General's Health Education and Advocacy Unit to convene a workgroup to make recommendations about how to improve the appeal and grievance system. That workgroup would be charged with making recommendations by the end of 2024. There are a number of steps that the state might take to strengthen the health insurance appeals process. For example, Connecticut recently began to require carriers to print instructions about how to appeal in a large font on the top half of the front page of every explanation-of-benefits statement.

In tandem with HB 932 / SB 791, a bill that would enact new curbs on "prior authorization" in Maryland, HB 1337 would go a long distance toward easing the frustration that so many Marylanders have experienced with their private health insurance plans. I urge the committee to support HB 1337.