



# MedStar Health

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## **SB 776 – Workgroup to Study the Rise in Adverse Decisions in the State Health Care System - Establishment**

Position: **Support**  
Senate Finance Committee  
February 28, 2025

As the largest healthcare provider in Maryland and the Washington, D.C., region, MedStar Health's more than 400 care locations include 10 hospitals, 33 urgent care clinics, ambulatory care centers, and primary and specialty care providers. We are also home to the MedStar Health Research Institute and a comprehensive scope of health-related organizations all recognized regionally and nationally for excellence. MedStar Health has one of the largest graduate medical education programs in the country, training 1,150 medical residents annually, and is the medical education and clinical partner of Georgetown University. MedStar Health's team of more than 35,000 includes physicians, nurses, and many other clinical and non-clinical associates who together support MedStar Health's patient-first philosophy that combines care, compassion, and clinical excellence with an emphasis on customer service.

SB 776 reflects a collaborative effort to address adverse decisions in the state's health care system. The legislation establishes a workgroup tasked with examining the increase in adverse decisions within Maryland's health care system by including representatives from various hospital organizations and service providers. The workgroup will review, analyze, develop, and propose strategies to standardize a method for categorizing adverse decisions and prior authorization denials. The recommendations of the workgroup will be shared by December 1, 2025, to the Senate Finance Committee and the House Health and Government Operations Committee.

The workgroup is essential to examining the rise of payer denials. According to the Maryland Hospital Association, Maryland's total denials in dollars has more than tripled since 2013 and over the last three years has seen over \$1.39 billion in denials. The growth in denials has started to outpace the growth in gross patient revenue. Denials have increased frequency in the emergency department and outpatient settings. In FY 2024 alone, 13.2% of inpatient cases were denied, this is the highest level seen in the past six years. A contributor to the rise in denials is the integration of artificial intelligence (AI) tools into the review process. The role of AI needs to be regulated to ensure the accuracy of reviews and transparency should be increased in this process. Denials lead to higher out of pocket costs, resulting in patients deferring receiving necessary care. Not only do the denials affect patient care, but the denials and delayed payments of claims contribute to financial pressures on hospitals and operational uncertainties.

Without intervention, the rise of payer denials will result in harmful financial impacts on health care systems providing lifesaving services. The proposed workgroup will be tasked with examining how to combat the rise in denials and will bring together diverse expertise to work thoughtfully on the issue. A more robust collection and review of denials, including detailed reasons for denials, reversal, and carrier plan administrator trends are needed to provide care more efficiently, and address issues of health equity and disparities across our state.

For the reasons above, MedStar Health urges a ***favorable*** report on **SB 776**.

**It's how we treat people.**