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Joint Committee on Gaming Oversight

Joint Committee on Management
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THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

February 12, 2025

Senate Bill 475
Health Insurance – Utilization Review
Exemption for Participation in Value-Based Care Arrangements

Thank you for the opportunity to present Senate Bill 475, Health Insurance—Utilization Review—Exemption for Participation in Value-Based Care Arrangements.

You will recall that, in 2022, we passed *Senate Bill 834: Health Insurance - Two-Sided Incentive Arrangements and Capitated Payments – Authorization*. Before the passage of this bill, carriers and providers were not allowed to enter into value-based arrangements when the provider was at risk for the recoupment of funds if costs were higher than expected. Senate Bill 834 allowed it but put necessary and reasonable parameters on the arrangements.

Given the cost of health care, value-based care delivery is seen as a way to increase quality and decrease costs. However, the uptick of these arrangements has been slow. To incentivize providers to consider and enter these arrangements, SB 475 would prohibit health insurance carriers from imposing a prior authorization, step therapy, or quantity limit requirement on providers for health care services included in a two-sided incentive arrangement.

Last year, during the hearings on the prior authorization legislation, we heard that physicians had to hire additional staff to process all the prior authorizations required by insurance companies and that almost two full days were dedicated to completing these requests.

Prohibiting these utilization management policies from being part of these arrangements will hopefully incentivize more providers to enter into them, given the cost savings that may be associated with the prohibition.

I urge a favorable vote on Senate Bill 475.

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