



Maryland
Hospital Association

Senate Bill 776 - Workgroup to Study the Rise in Adverse Decisions in the State Health Care System - Establishment

Position: *Support*

February 28, 2025

Senate Finance Committee

MHA Position:

On behalf of the Maryland Hospital Association's (MHA) member hospitals and health systems, we appreciate the opportunity to comment in support of Senate Bill 776. SB 776 would establish the Workgroup to Study the Rise in Adverse Decisions. An adverse decision occurs when a health insurer denies a claim for health care services. Hospitals and providers have experienced a significant increase in denials over the past several years. This Workgroup, comprised of members of the Maryland General Assembly, state agencies, health care providers, and health insurers, will review and make recommendations to standardize adverse decision reporting requirements across all health payers, including private carriers and managed care organizations. Additionally, this bill requires the Workgroup to develop and report recommendations to the legislature to address the rise in denials of health care claims.

Growth in health payer denials severely raises patient costs and restricts access to necessary care. This trend has been especially pronounced in recent years, with a notable surge in denials within the emergency department and outpatient settings. These denials delay essential care and raise out-of-pocket costs for patients—often forcing them to postpone necessary treatment. Furthermore, hospitals face significant financial strain and operational uncertainty as valuable clinical and administrative resources are diverted to contest inappropriate denials. The growth in adverse decisions has only accelerated in recent years, further exacerbating these challenges for Maryland patients and hospitals.

From fiscal years 2013 to 2024, the total value of denied claims has more than tripled, reaching a staggering \$1.39 billion. In the past three years alone, commercial payer denials have surged, with emergency department denials rising 116%. Notably, denials for medically necessary services have surged, with commercial plan denials rising by 79.1%. Over the past six years, Medicaid managed care organizations have also reported consistently high denial rates.

The Workgroup established by SB 776 is crucial to address the rise in adverse decisions within Maryland's health care system. This collaborative effort aims to enhance transparency, consistency, and accountability when insurers deny claims, ultimately leading to better patient outcomes and a more efficient health care system.

For these reasons, we request a favorable report on SB 776.

For more information, please contact:

Jake Whitaker, Assistant Vice President, Government Affairs & Policy

Jwhitaker@mhaonline.org