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Date: March 20, 2025

Bill # / Title: House Bill 848 - Health Insurance - Adverse Decisions - Notices, Reporting, and Examinations

Committee: Senate Finance Committee

Position: Support with Amendments

The Maryland Insurance Administration (MIA) appreciates the opportunity to share its support for House Bill 848 with amendments.

House Bill 848 would require carriers to add certain information to the quarterly reports required to be filed under this section when the number of adverse decisions issued by a carrier for a type of service grows more than 10% in the preceding calendar year or 25% in the preceding three calendar years. If such an increase occurs, the bill requires carriers to report on changes in medical management contributing to the rise in adverse decisions, and “any other known reasons for the increase.”

Furthermore, House Bill 848, would permit the Insurance Commissioner to use the information gathered from these reports as the basis for market conduct examinations under subtitle 2 of Title 2 of the Maryland Insurance Article.

Recent legislation in previous sessions has expanded the reporting required by health insurance carriers on adverse decisions, appeals, and grievances. The MIA has reviewed trends over time in adverse decisions and has noted considerable increases. Adverse decisions have more than doubled since 2015, while our fully insured market has shrunk. While adverse decisions as a percentage of covered lives were about 4.6% in 2015, they have since grown to encompass 12.7% of the fully insured market in 2023, with some service categories seeing growth rates in the triple digits.

The additional information that would be provided by carriers under House Bill 848 will help the MIA in setting priorities for enforcement. Acquiring further insights into adverse decisions will be essential for the MIA to better understand denials and prior authorization practices in the State and enhance patient care, as it may provide a more comprehensive understanding of the landscape of adverse decisions than is currently offered through the MIA’s appeals and grievance process.

After conversations with stakeholders, the MIA respectfully suggests amendments to enhance efficacy and enforceability of the bill. House Bill 848 includes a provision requiring that carriers include in their notices to consumers about an adverse or grievance decision, a unique identifier for the personnel responsible for making the decision, instead of the name of the individual as currently in law. To facilitate the submission of private review agent applications without undue delay, and to mitigate potential operational instabilities

that could arise from the rejection of non-compliant applications, the MIA recommends a revised effective date of June 1, 2025 for these provisions. In addition, the MIA is currently in further discussion with stakeholders on certain technical aspects of the bill that may need revisions to address some unintended consequences from last year's adverse decision legislation. The MIA notes that the amended provisions that result from those discussions will also need a June 1, 2025 effective date.

For these reasons, the MIA urges a favorable committee report on House Bill 848 with amendments and thanks the committee for the opportunity to share its support.