LARRY HOGAN
Governor

BOYD K. RUTHERFORD
Lt. Governor

KATHLEEN A. BIRRANE
Commissioner

JAY COON
Deputy Commissioner

Maryland
INSURANCE ADMINISTRATION

200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202
Direct Dial: 410-468-2408 Fax: 410-468-2020
Email: Michael.paddy@maryland.gov
www.insurance.maryland.gov

TESTIMONY OF
THE
MARYLAND INSURANCE ADMINISTRATION
BEFORE THE
HOUSE HEALTH AND GOVERNMENT OPERATIONS COMMITTEE

FEBRUARY 16, 2021

HOUSE BILL 565 - HEALTH FACILITIES - HOSPITALS - MEDICAL DEBT PROTECTION

POSITION: LETTER OF INFORMATION

Thank you for the opportunity to provide written comments regarding House Bill 565. While House Bill 565 does not amend the Insurance Article, there are references to insurance coverage and the Maryland Insurance Administration (MIA). Specifically, § 19-214.2(i) of the bill requires that at least 45 days before filing an action against a patient to collect on a hospital debt, a hospital must provide a notice to the patient that includes, among other things, "an explanation of the patient's right to appeal to the patient's insurance carrier, the Maryland Insurance Administration, or the hospital for any denied reimbursement or access to free or reduced-cost care, and the need to inform the hospital if an appeal is in process."

The MIA is concerned that the language in § 19-214.2(i)(2)(iii)(7) as drafted may confuse patients as to what the MIA's role and authority is. The language implies that a consumer may appeal to the MIA for "access to free or reduced-cost care," which is not accurate. This could lead to increased calls in the Life and Health Complaints Unit from confused consumers who mistakenly believe they received a notice indicating that the MIA can help them obtain access to free care. The MIA would recommend amending this language to distinguish between the MIA's role (i.e., investigating consumer complaints about reimbursement denials from insurance carriers) and a hospital's role (i.e., providing access to free or reduced-cost care).

Additionally, § 19-214.2(f)(4) of the bill states that if a hospital is informed that an appeal or review of a health insurance decision is pending, House Bill 565 requires a hospital to wait to report a debt to a consumer reporting agency or send the case to a debt collector until 60 days after the appeal is complete. The bill does not differentiate between "appeals" and "grievances" (i.e., disputes over medical necessity determinations), and does not explain that in most cases, a

consumer must exhaust the carrier's internal appeal process before filing a complaint with the MIA. Furthermore, the notice provision of the bill does not address the fact that there are various time limitations on the consumer's right to request reimbursement from the insurance carrier and right to file a complaint with the MIA. Conceivably, a consumer could receive a notice from the hospital of their right to appeal to the carrier or the MIA after the deadline to exercise those rights has expired, resulting in consumer confusion and frustration. The bill should be amended to clarify the patient's rights with respect to the MIA.

While the MIA does not have a policy position on House Bill 565, the MIA believes that the bill should be reviewed by the Committee to clarify the role of the MIA, differences between appeals and grievances and that a consumer must exhaust a carrier's internal appeal process before filing a complaint with the MIA.