



Maryland  
Hospital Association

**Senate Bill 474- Health Insurance - Adverse Decisions - Reporting and Examinations**

**Position: *Support***

February 12, 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 strong support of Senate Bill 474. SB 474 addresses the recent increase in adverse decisions by mandating that carriers report to the Maryland Insurance Administration (MIA) the reasons for any rise in adverse decisions if the number has increased by more than 10% in the previous calendar year or by 25% over the past three calendar years. This bill would also grant the Maryland Insurance Commissioner additional authority to examine and investigate significant rises in adverse decisions.

Maryland hospitals and health systems strongly support policies designed to address the recent increase in adverse decisions made by health insurers. Since 2013, the total dollar amount of claims denials for hospital services has increased threefold from \$143 million to \$477 million in 2024. What's more, the vast majority of adverse decisions appealed to MIA were overturned. According to the fiscal year 2023 Office of the Attorney General Annual Report on the Health Insurance Carrier and Grievances Process, 69% of carrier grievance decisions were modified or overturned. Driven in part by the use of artificial intelligence in coverage decisions, the rise in erroneous adverse decisions has only accelerated in recent years.

Unnecessary and unfair adverse decisions significantly impact health outcomes and timely access to care. When more claims are denied, patients face delays in receiving necessary treatments or may be forced to pay out-of-pocket for services that should be covered. Additionally, hospitals must divert valuable staff time and clinical resources to fight claims denials and navigate overly onerous prior authorization requirements. Denied and delayed payments also contribute to additional financial pressures and operational uncertainty that negatively impact hospitals' ability to provide care.

Maryland hospitals and health systems remain committed to supporting and creating sustainable solutions for access to affordable, comprehensive health insurance coverage. SB 474 would enhance transparency and accountability in insurance practices and coverage decisions. This legislation will promote more equitable and consistent decision-making by payers, reducing the likelihood of unfair adverse decisions by health insurers.

For these reasons, we request a favorable report on SB 474.

For more information, please contact:

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