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Date: February 12, 2025

Bill # / Title: Senate Bill 474 - Health Insurance - Adverse Decisions - Reporting and Examinations

Committee: Senate Finance Committee

Position: Support

The Maryland Insurance Administration (MIA) appreciates the opportunity to share its support for Senate Bill 474.

Senate Bill 474 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, Senate Bill 474, 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 Senate Bill 474 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.

For these reasons, the MIA urges a favorable committee report on Senate Bill 474 and thanks the committee for the opportunity to share its support.