House Health and Government Operations Committee
February 13, 2025
House Bill 659 – *Health Insurance – Utilization Review – Exemption for Participation in Value-Based Care Arrangements*
POSITION: SUPPORT

On behalf of MedChi, The Maryland State Medical Society, the Maryland Academy of Family Physicians, the Maryland Chapter of the American Academy of Pediatrics, and the Mid-Atlantic Association of Community Health Centers, we submit this letter of support for House Bill 659. This bill prohibits health insurance carriers from imposing a prior authorization, step therapy, or quantity limit requirement on providers for health care services included in a two-sided incentive arrangement.

In 2022, *Senate Bill 834: Health Insurance – Two-Sided Incentive Arrangements and Capitated Payments – Authorization* authorized a health insurance carrier to enter a "two-sided incentive arrangement" with an "eligible provider." A "two-sided incentive arrangement" is an arrangement between an eligible provider and a carrier in which the provider may earn an incentive, and a carrier may recoup funds from the provider in accordance with the terms of a contract, essentially creating a situation where the provider accepts the risk of the insurance carrier. Each year, the Maryland Health Care Commission must collect data and report on alternative payment models, like two-sided incentive arrangements.

In its recent report, the Commission pointed out that 47 alternative payment models existed in 2022, nineteen for care episodes. Of those, eight of the 19 arrangements put providers at risk for the recoupment of funds under a two-sided incentive arrangement. In 2021, the American Medical Association conducted a study in 2021 and found that 40% of physicians have staff who work exclusively on prior authorization requests. The survey also found that, on average, almost two business days a week are spent completing prior authorizations. This is both time and money that should be spent on patient care.

Therefore, to make two-sided incentive arrangements more attractive for providers, House Bill 659 would exempt providers from managing the prior authorization, step therapy, and quantity limit policies of the insurance carriers—processes that take time and money for providers to complete. Given that providers are at risk for recoupment of funds if costs exceed the expected amount, providers should not be subject to these additional requirements. We urge a favorable vote.

For more information, call:
Danna L. Kauffman
J. Steven Wise
Andrew G. Vetter
Christine K. Krone
410-244-7000